

**JOHN LAING SOCIAL INFRASTRUCTURE LIMITED
ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014**

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Registered number: 3576132

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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DIRECTORS, COMPANY SECRETARY AND AUDITOR

Directors

A J H Ewer (resigned 26 March 2014)

D Potts

C B Waples

Company secretary and registered office

C T Cattermole

P Naylor

1 Kingsway

London

WC2B 6AN

Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

2 New Street Square

London

EC4A 3BZ

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2014, which has been prepared in compliance with section 414c of the Companies Act 2006.

Business review

The principal activity of the Company is the undertaking of investment activities on behalf of its ultimate parent, John Laing Group plc. The Company invests in a portfolio of investments in the subordinated loan stock and equity of Public Private Partnership ("PPP") infrastructure companies in the UK.

Results and performance

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

Group profit before tax was £10.9 million (2013: £4.1 million).

At 31 December 2014, the Group had four investments in its investment portfolio, which are all measured at fair value in accordance with FRS 102 section 9.9.

The Company sold its entire interest in Services Support (SEL) Holdings Limited on 1 October 2014.

At 31 December 2014, the Group had no borrowings (2013: £nil).

Strategy

The Company invests in PPP assets with a particular focus on accommodation projects.

Key Performance Indicators ("KPIs")

The Board monitors the progress of the Group by reference to the following KPIs:

- Profit before tax

Profit before tax for the year ended 31 December 2014 was £10.9 million compared to £4.1 million for the year ended 31 December 2013.

- Net asset value ("NAV")

At 31 December 2014, the Group's NAV was £194.8 million compared to £185.3 million at 31 December 2013.

Further information on the performance of the John Laing Group is available in the 2014 John Laing Group plc Annual Report and Accounts which are publicly available from www.laing.com.

Principal risks and uncertainties

The main risks faced by the Group are liquidity and credit risk. The Company's exposure to liquidity risk is mitigated by the financial support given by John Laing Limited (formerly John Laing plc), its intermediary parent company. Credit risk is reduced as the Group holds the majority of its investments in PPP projects, the revenues of which derive from central and local governmental bodies; the Group works with multiple clients, joint venture partners, sub-contractors and institutional investors so as to reduce the probability of systemic counter-party risk in its investment portfolio.

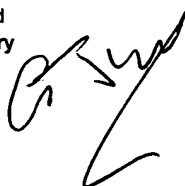
A detailed analysis of the principal risks and uncertainties faced by the John Laing Group is disclosed in the 2014 Annual Report and Accounts of John Laing Group plc, the ultimate parent company of John Laing Social Infrastructure Limited. The 2014 Annual Report and Accounts of John Laing Group plc are available in www.laing.com.

Future developments

The Company seeks to benefit from income from the investments in its portfolio as well as to capitalise on divestment opportunities.

The Company is not pursuing any other investments and will manage its existing portfolio until divestment of the investment or the end of the project term.

By order of the Board
Authorised signatory



C B Waples
Director

24 September 2015

JOHN LAING SOCIAL INFRASTRUCTURE LIMITED

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2014.

The Company, incorporated in the United Kingdom, is a wholly owned subsidiary of John Laing Investments Limited. The ultimate parent company is John Laing Group plc whose shares are publicly traded on the London Stock Exchange.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

In accordance with section 414 of the Companies Act 2006, further information regarding the Company's principal activity and key performance indicators is found within the Strategic Report on page 2.

Dividends paid in the year were £nil (2013 - £10.0 million).

GOING CONCERN REVIEW

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. More information is provided in note 1 to the Group financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

DIRECTORS

The Directors who served throughout the year and up to the date of this report, except as noted, are shown on page 1.

EMPLOYEES

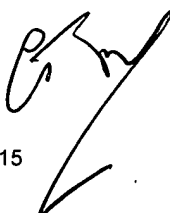
Details of the number of employees and related costs can be found in note 8 to the Group financial statements on page 14.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

On behalf of the Board

C B Waples
Director
24 September 2015



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

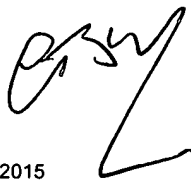
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements (Group and Company) in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board


C B Waples
Director
24 September 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING SOCIAL INFRASTRUCTURE LIMITED

We have audited the financial statements of John Laing Social Infrastructure Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group Statement of Changes in Equity, the Group Balance Sheet, the Group Cash Flow Statement and the related notes 1 to 26 of the Group financial statements and the Company Balance Sheet and related notes 1 to 13 of the Company financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

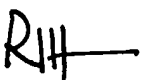
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ross Howard
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

24 September 2015

JOHN LAING SOCIAL INFRASTRUCTURE LIMITED

Group Profit and Loss Account for the year ended 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|---------------|---------------|
| Continuing operations | | | |
| Interest income | 4 | 466 | 3,073 |
| Dividend income | 5 | 280 | 4,942 |
| Net gain on investments at fair value through profit or loss | 13 | 4,043 | 6,406 |
| Operating income | 6 | 4,789 | 14,421 |
| Administrative expenses | | (161) | (899) |
| Profit from operations | | 4,628 | 13,522 |
| Impairment of amounts owed by group undertakings | 9 | - | (14,063) |
| Finance income | 10 | 6,272 | 4,769 |
| Finance costs | | - | (88) |
| Profit before tax | | 10,900 | 4,140 |
| Tax | 11 | (1,441) | (1,661) |
| Profit after tax | | 9,459 | 2,479 |
| Attributable to: | | | |
| Owner of the Company | | 9,459 | 2,479 |
| | | 9,459 | 2,479 |

There is no other comprehensive income or expense apart from that disclosed above and consequently a statement of comprehensive income has not been prepared.

Group Statement of Changes in Equity
for the year ended 31 December 2014

| | Notes | Share capital £'000 | Share premium £'000 | Revaluation reserve £'000 | Accumulated profit/(loss) £'000 | Total equity £'000 |
|--|-------|------------------------|---------------------------|---------------------------------|---------------------------------------|-----------------------|
| Balance at 1 January 2014 | | 14,472 | 67,233 | 16,208 | 87,388 | 185,301 |
| Profit after tax | | - | - | - | 9,459 | 9,459 |
| Transfer on revaluation of investments | 13 | - | - | 4,043 | (4,043) | - |
| Transfer on disposal of interests in investments | | - | - | (10,187) | 10,187 | - |
| Balance at 31 December 2014 | | 14,472 | 67,233 | 10,064 | 102,991 | 194,760 |

| | Notes | Share capital £'000 | Share premium £'000 | Revaluation reserve £'000 | Accumulated profit/(loss) £'000 | Total equity £'000 |
|--|-------|------------------------|------------------------|---------------------------------|---------------------------------------|-----------------------|
| Balance at 1 January 2013 | | 14,472 | 67,233 | 32,519 | 78,598 | 192,822 |
| Profit after tax | | - | - | - | 2,479 | 2,479 |
| Transfer on revaluation of investments | 13 | - | - | 6,406 | (6,406) | - |
| Transfer on disposal of interests in investments | | - | - | (22,717) | 22,717 | - |
| Dividends paid | 12 | - | - | - | (10,000) | (10,000) |
| Balance at 31 December 2013 | | 14,472 | 67,233 | 16,208 | 87,388 | 185,301 |

Revaluation reserve

The revaluation reserve represents the accumulated revaluation arising on investments at fair value through profit or loss.

Accumulated profit/(loss)

The accumulated profit/(loss) reserve represents the accumulated profit or loss since the incorporation of the Company.

JOHN LAING SOCIAL INFRASTRUCTURE LIMITED

Group Balance Sheet
as at 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|----------------|----------------|
| Non-current assets | | | |
| Investments at fair value through profit or loss | 13 | 14,496 | 22,149 |
| | | <u>14,496</u> | <u>22,149</u> |
| Current assets | | | |
| Debtors - due within one year | 14 | 183,939 | 166,650 |
| Cash at bank and in hand | | 9 | 7 |
| | | <u>183,948</u> | <u>166,657</u> |
| Total assets | | <u>198,444</u> | <u>188,806</u> |
| Current liabilities | | | |
| Creditors - amounts falling due within one year | 15 | (3,344) | (2,518) |
| | | <u>(3,344)</u> | <u>(2,518)</u> |
| Net current assets | | <u>180,604</u> | <u>164,139</u> |
| Deferred tax liabilities | 19 | (90) | (737) |
| Provision for liabilities | 16 | (250) | (250) |
| Total liabilities | | <u>(3,684)</u> | <u>(3,505)</u> |
| Net assets | | <u>194,760</u> | <u>185,301</u> |
| Equity | | | |
| Share capital | 20 | 14,472 | 14,472 |
| Share premium | | 67,233 | 67,233 |
| Revaluation reserve | | 10,064 | 16,208 |
| Accumulated profits | | 102,991 | 87,388 |
| Equity attributable to owner of the Company | | <u>194,760</u> | <u>185,301</u> |
| Total equity | | <u>194,760</u> | <u>185,301</u> |

The financial statements of John Laing Social Infrastructure Limited, registered number 3576132, were approved by the Board of Directors and authorised for issue on 24 September 2015. They were signed on its behalf by:



C B Waples
Director

24 September 2015

Group Cash Flow Statement
for the year ended 31 December 2014

| | | 2014 | 2013 |
|--|-------|-----------------|-----------------|
| | Notes | £'000 | £'000 |
| Net cash (outflow)/inflow from operating activities | 21 | <u>(706)</u> | <u>5,245</u> |
| Investing activities | | | |
| Proceeds from disposal of investments | | 11,815 | 49,719 |
| Loan repayments from project companies | | 10 | 182 |
| Investment in/acquisition of project companies and other investments | | - | (15) |
| Net cash from investing activities | | <u>11,825</u> | <u>49,886</u> |
| Financing activities | | | |
| Dividends paid | | - | (10,000) |
| Loans to parent undertaking | | (15,886) | (49,260) |
| Interest received on loan to parent undertaking | | 4,769 | 4,219 |
| Interest paid | | - | (88) |
| Net cash used in financing activities | | <u>(11,117)</u> | <u>(55,129)</u> |
| Net increase in cash at bank and in hand | | <u>2</u> | <u>2</u> |
| Cash at bank and in hand at beginning of the year | | <u>7</u> | <u>5</u> |
| Cash at bank and in hand at end of the year | | <u><u>9</u></u> | <u><u>7</u></u> |

Notes to the Group Financial Statements

1 General information

John Laing Social Infrastructure Limited (the "Company" or the "Group") is a company incorporated in the United Kingdom under the companies Act 2006. The address of the registered office of the Company is given in the Directors and Auditor section on page 1. The nature of the Company's operations and its principal activities is set out in the Strategic Report on page 2.

These financial statements are presented in pounds sterling, the functional currency and the currency of the primary economic environment in which the Company operates. There are no foreign operations.

The Company has early adopted FRS 102 and does not consolidate the investments it holds in accordance with FRS 102 section 9.9. This is explained further in the Basis of consolidation below.

2 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC"). The comparative period results have been presented on the same basis.

The principal accounting policies adopted are set out below.

b) Going concern

The Group's principal activity is to hold investments in PPP companies that provide services under certain private finance agreements. The infrastructure projects are set up as a special purpose companies under non-recourse arrangements and therefore the Company has limited exposure to their liabilities. In the event of default of an infrastructure project, the exposure is limited to the extent of the investment the Group has made. Having reviewed the Group's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Group will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c) Basis of consolidation

In accordance with FRS 102 section 9.9, subsidiaries, associates and joint ventures that are held as part of an investment portfolio are measured at fair value with changes in fair value recognised in profit or loss. The Company consolidates on a line by line basis the results of the subsidiary companies which do not hold investments in project companies and which are primarily service companies.

Notes to the Group Financial Statements

2 Accounting policies (continued)

d) Operating income

The Group earns operating income from returns on its investment portfolio by reference to the following policies:

Interest income

Interest income is recognised when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the applicable interest rate.

Dividend income

Dividend income from investments in project companies and other investments at fair value through profit or loss (FVTPL) is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the project company.

Net gain on investments at FVTPL

Net gain on investments at FVTPL excludes interest and dividend income referred to above.

e) Financial instruments

Financial assets and financial liabilities are recognised in the Group Balance Sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Basic financial instruments, which primarily relate to amounts owed to and from parent undertakings, interest bearing bank loans and borrowings, trade debtors and trade payables are held at amortised cost using the effective interest method.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets are assessed for indications of impairment at each balance sheet date.

Notes to the Group Financial Statements**2 Accounting policies (continued)****f) Taxation**

The tax charge or credit represents the sum of tax currently payable and deferred tax.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Group Profit and Loss Account because it excludes both items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in project companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax liabilities on project companies reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Group Profit and Loss Account except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

g) Cash at bank and in hand

Cash at bank and in hand comprises cash at bank and in hand and short term deposits with original maturities of three months or less.

h) Share capital

Ordinary shares are classified as equity instruments on the basis that they evidence a residual interest in the assets of the Group after deducting all its liabilities.

Notes to the Group Financial Statements**3 Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates made and the underlying assumptions on which they are based are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value of investments in project companies

The Group measures at fair value those subsidiaries, joint ventures and associates that form part of an investment portfolio. These investments comprise investments in PPP/PFI project companies. The Group's policy is to fair value both the equity and subordinated debt investments in project subsidiaries, joint ventures and associates together. Subsequent to initial recognition, the investments are measured on a combined basis at fair value using discounted cash flow methodology, with changes recognised within operating income in the Group Profit and Loss Account.

A valuation of the Group's investment portfolio is prepared on a consistent, principally discounted cash flow basis at 30 June and 31 December. The valuation is carried out on a fair value basis assuming that forecast cash flows are received until maturity of the underlying assets.

A base case discount rate for an operational project is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect project-specific risks. In addition, risk premia are added during the construction phase to reflect the additional risk during construction. These premia reduce over time as the project progresses through its construction programme, reflecting the significant reduction in risk once the project reaches the operating stage.

The cash flows on which the discounted cash flow valuation is based are those forecast to be distributable to the Company at each balance sheet date, derived from detailed financial models. These incorporate assumptions reflecting the Group's expectations of likely future cash flows including value enhancements.

Notes to the Group Financial Statements

4 Interest income

| | 2014 | 2013 |
|---------------------------|------------|--------------|
| | £'000 | £'000 |
| Interest from investments | 466 | 3,073 |
| | <u>466</u> | <u>3,073</u> |

5 Dividend income

| | 2014 | 2013 |
|----------------------------|------------|--------------|
| | £'000 | £'000 |
| Dividends from investments | 280 | 4,942 |
| | <u>280</u> | <u>4,942</u> |

6 Operating income

All operating income is derived from the UK.

7 Profit from operations

| | 2014 | 2013 |
|---|-------|-------|
| | £'000 | £'000 |
| Profit from operations has been arrived at after charging: | | |
| Fees payable to Company's auditors for the audit of the Company | 3 | 3 |
| Fees payable to Company's auditors for the audit of the Group | 26 | 25 |

8 Employees and directors' remuneration

The Group had no employees during the year (2013 - nil).

No Directors received any remuneration for any services to the Group during the current or prior year. The Company is managed by secondees from the John Laing Group under a management services contract.

9 Impairments of amounts owed by group undertakings

| | 2014 | 2013 |
|---|----------|-----------------|
| | £'000 | £'000 |
| Impairments of amounts owed by group undertakings | - | (14,063) |
| | <u>-</u> | <u>(14,063)</u> |

During 2013, the Company wrote off a loan of £14,063,000 owed by John Laing Regeneration GP Limited which is in the process of being dissolved.

10 Finance income

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Interest receivable on amounts owed by parent undertakings | 6,272 | 4,769 |
| | <u>6,272</u> | <u>4,769</u> |

Notes to the Group Financial Statements

11 Tax

The tax charge for the year comprises:

| | 2014 | 2013 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Current tax: | | |
| UK corporation tax charge | (2,088) | (1,564) |
| Current tax | (2,088) | (1,564) |
| Deferred tax: | | |
| Deferred tax credit/(charge) | 647 | (180) |
| Impact of change in the UK tax rate | - | 83 |
| Deferred tax (note 19) | 647 | (97) |
| Tax charge on continuing operations | (1,441) | (1,661) |

The tax charge for the year can be reconciled to the profit in the Group Profit and Loss Account as follows:

| | 2014 | 2013 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Profit before tax on continuing operations | 10,900 | 4,140 |
| Tax at the UK corporation tax rate of 21.5% (2013 - 23.25%) | (2,344) | (963) |
| Tax effect of dividend income not taxable | 60 | 1,149 |
| Tax effect of expenses and other similar items that are not deductible | - | (3,270) |
| Non-taxable movement on fair value of investments | 1,516 | 1,451 |
| Adjustments in respect of prior years | (673) | (28) |
| Total tax charge for the year on continuing operations | (1,441) | (1,661) |

For 2014 a blended tax rate of 21.5% has been applied due to the change in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 (2013 – 23.25%). The UK Government has announced its intention to reduce the main corporation tax rate by 1% to 20% from 1 April 2015.

The changes to the main rate of corporation tax for UK companies announced in the March 2013 Budget were substantively enacted for financial reporting purposes on 2 July 2013. The main changes in corporation tax rates that have accounting implications for deferred tax are as follows:

- The main rate of corporation tax reduced from 23% to 21% from 1 April 2014.
- The main rate of corporation tax will further reduce to 20% from 1 April 2015.

12 Dividends

| | 2014 | 2013 |
|--|-------|--------|
| | £'000 | £'000 |
| Equity shares: | | |
| - dividends paid of £nil (2013 - £0.69) per ordinary share | - | 10,000 |

Notes to the Group Financial Statements

13 Investments at fair value through profit or loss

| | 2014 | 2013 |
|-----------------------|-------------------|-------------------|
| | Project companies | Project companies |
| | £'000 | £'000 |
| At 1 January | 22,149 | 65,685 |
| Distributions | (627) | (8,621) |
| Disposals | (11,815) | (49,878) |
| Fair value movement | 4,789 | 14,963 |
| At 31 December | 14,496 | 22,149 |

The fair value movement of £4,789,000 (2013 - £14,963,000) above is shown on the Group Profit and Loss Account as interest income of £466,000 (2013 - £3,073,000), dividend income of £280,000 (2013 - £4,942,000) and net gain on investments of fair value through profit or loss of £4,043,000 (2013 - £6,406,000, net of disposal costs of £542,000).

During the year ended 31 December 2014, the Group disposed of shares and subordinated debt in one PPP project company.

| Company | Date of completion | Original holding % | Holding disposed of % | Retained holding % |
|---|--------------------|-----------------------|--------------------------|-----------------------|
| Details of investments in project companies sold in the year ended 31 December 2014 and 31 December 2013 were as follows: | | | | |
| <u>Sold to John Laing Infrastructure Fund Limited</u> | | | | |
| Services Support (SEL) Holding Limited | 01 October 2014 | 25.00 | 25.00 | - |
| <u>Sold to John Laing Infrastructure Fund Limited</u> | | | | |
| Healthcare Support (North Staffs) Limited | 20 December 2013 | | | |
| Shares | | 75.00 | 75.00 | - |
| Subordinated debt | | 75.00 | 75.00 | - |
| Mezzanine debt | | 42.17 | 42.17 | - |

Notes to the Group Financial Statements

14 Debtors

| | 31 December 2014 £'000 | 31 December 2013 £'000 |
|-------------------------------------|------------------------------|------------------------------|
| Due within one year | | |
| Amounts owed by parent undertakings | 183,939 | 166,650 |
| | <u>183,939</u> | <u>166,650</u> |

Included within amounts owed by parent undertakings within one year are loans from parent undertakings and interest due on those loans (2014 - £6.3 million; 2013 - £4.8 million). These loans are payable on demand and interest is charged at 3.5% above base rate from January 2014 to March 2014 and 3.0% above base rate from April 2014 to December 2014 (2013 - 3.5% above base rate).

In the opinion of the Directors the fair value of trade and other debtors is equal to the carrying value.

The carrying amounts of the Group's trade and other debtors are denominated in pounds sterling (2013 - pounds sterling).

15 Creditors

| | 31 December 2014 £'000 | 31 December 2013 £'000 |
|------------------------------------|------------------------------|------------------------------|
| Due within one year | | |
| Amounts owed to group undertakings | (1,098) | (951) |
| Other creditors | (154) | - |
| Accruals | (3) | (3) |
| Group relief payable | (2,089) | (1,564) |
| | <u>(3,344)</u> | <u>(2,518)</u> |

Amounts due to group undertakings are payable on demand and no interest is charged.

16 Provisions for liabilities

| | 31 December 2014 £'000 | 31 December 2013 £'000 |
|--|------------------------------|------------------------------|
| At 1 January | (250) | - |
| Charged to the profit and loss account | - | (250) |
| At 31 December | <u>(250)</u> | <u>(250)</u> |

During 2013, the Company sold Healthcare Services (North Staffs) Holdings Limited and provided an indemnity to the purchaser to cover legal costs if prescribed events occur.

JOHN LAING SOCIAL INFRASTRUCTURE LIMITED

Notes to the Group Financial Statements

17 Financial instruments

a) Financial instruments by category

| | Loans and receivables £'000 | Assets at fair value through profit or loss £'000 | Financial liabilities at amortised cost £'000 | Total £'000 |
|--|-----------------------------------|---|---|----------------|
| Continuing operations | | | | |
| 31 December 2014 | | | | |
| Non-current assets | | | | |
| Investments at fair value through profit or loss | - | 14,496 | - | 14,496 |
| Current assets | | | | |
| Debtors - due within one year | 183,939 | - | - | 183,939 |
| Cash at bank and in hand | 9 | - | - | 9 |
| Total financial assets | 183,948 | 14,496 | - | 198,444 |
| Current liabilities | | | | |
| Creditors - amounts falling due within one year | - | - | (3,344) | (3,344) |
| Total financial liabilities | - | - | (3,344) | (3,344) |
| Net financial instruments | 183,948 | 14,496 | (3,344) | 195,100 |

| | Loans and receivables £'000 | Assets at fair value through profit or loss £'000 | Financial liabilities at amortised cost £'000 | Total £'000 |
|--|-----------------------------------|--|---|----------------|
| Continuing operations | | | | |
| 31 December 2013 | | | | |
| Non-current assets | | | | |
| Investments at fair value through profit or loss | - | 22,149 | - | 22,149 |
| Current assets | | | | |
| Debtors - due within one year | 166,650 | - | - | 166,650 |
| Cash at bank and in hand | 7 | - | - | 7 |
| Total financial assets | 166,657 | 22,149 | - | 188,806 |
| Current liabilities | | | | |
| Creditors - amounts falling due within one year | - | - | (2,518) | (2,518) |
| Total financial liabilities | - | - | (2,518) | (2,518) |
| Net financial instruments | 166,657 | 22,149 | (2,518) | 186,288 |

Notes to the Group Financial Statements

17 Financial instruments (continued)

The carrying amounts of financial assets and financial liabilities in these financial statements reflect their fair values.

b) Foreign currency and interest rate profile of financial assets other than investments at FVTPL

| | Continuing operations 31 December 2014 | | | Continuing operations 31 December 2013 | | |
|----------|---|-------------------------|---------|---|-------------------------|---------|
| | Financial assets | | | Financial assets | | |
| | Floating rate | Non-interest bearing | Total | Floating rate | Non-interest bearing | Total |
| Currency | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | 9 | 183,939 | 183,948 | 7 | 166,650 | 166,657 |
| | 9 | 183,939 | 183,948 | 7 | 166,650 | 166,657 |

c) Foreign currency and interest rate profile of financial liabilities

The Group's financial liabilities at 31 December 2014 were £3.3 million (31 December 2013 - £2.5 million), of which £nil (31 December 2013 - £nil) related to short-term cash borrowings.

| | Continuing operations 31 December 2014 | | | Continuing operations 31 December 2013 | | |
|----------|---|-------------------------|---------|---|-------------------------|---------|
| | Financial liabilities | | | Financial liabilities | | |
| | Fixed rate | Non-interest bearing | Total | Fixed rate | Non-interest bearing | Total |
| Currency | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | - | (3,344) | (3,344) | - | (2,518) | (2,518) |
| | - | (3,344) | (3,344) | - | (2,518) | (2,518) |

Notes to the Group Financial Statements

18 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and inflation risk), credit risk, price risk, liquidity risk, and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risks are managed by a central treasury operation which operates within Board approved policies. The various types of financial risk are managed as follows:

Market risk - interest rate risk

The Group's interest rate risk arises due to fluctuations in interest rates which impact on the value of returns from floating rate deposits and expose the Group to variability in interest payment cash flows on variable rate borrowings.

The exposure of the Group's financial assets to interest rate risk is as follows:

| | 31 December 2014 | | | 31 December 2013 | | |
|---|---|----------------------------------|----------------|---|----------------------------------|----------------|
| | Interest bearing Floating rate £'000 | Non-interest bearing £'000 | Total £'000 | Interest bearing Floating rate £'000 | Non-interest bearing £'000 | Total £'000 |
| Financial assets | | | | | | |
| Investments at fair value through profit or loss | - | 14,496 | 14,496 | - | 22,149 | 22,149 |
| Debtors | - | 183,939 | 183,939 | - | 166,650 | 166,650 |
| Cash and cash equivalents | 9 | - | 9 | 7 | - | 7 |
| Financial asset exposure to interest rate risk | 9 | 198,435 | 198,444 | 7 | 188,799 | 188,806 |

The exposure of the Group's financial liabilities to interest rate risk is as follows:

| | 31 December 2014 | | | 31 December 2013 | | |
|---|---|----------------------------------|----------------|---|----------------------------------|----------------|
| | Interest bearing Floating rate £'000 | Non-interest bearing £'000 | Total £'000 | Interest bearing Floating rate £'000 | Non-interest bearing £'000 | Total £'000 |
| Creditors - amounts falling due within one year | - | (3,344) | (3,344) | - | (2,518) | (2,518) |
| Financial liability exposure to interest rate risk | - | (3,344) | (3,344) | - | (2,518) | (2,518) |

Notes to the Group Financial Statements

18 Financial risk management (continued)

Market risk - inflation risk

The Group has limited direct exposure to inflation risk, but the fair value of investments is determined by future revenue and costs which are linked to inflation. This results in the fair value of investments being sensitive to inflation which is often mitigated by the project company entering into inflation swaps.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from a combination of the value and term to settlement of balances due and payable with counterparties for both financial and trade transactions.

In order to minimise credit risk, cash investments and derivative transactions are limited to financial institutions of a suitable credit quality and counterparties are carefully screened. The Group's cash balances are invested in line with a policy approved by the Board, capped with regard to counter-party credit ratings.

The project companies in which the Group invests receive revenue from government departments, public sector or local authority clients and/or directly from the public for example, via the collection of tolls. As a result, these projects tend not to be exposed to significant credit risk.

Price risk

The Group has limited direct exposure, the fair value of project companies in which the Group invests is dependent on the receipt of fixed fee income from government departments, public sector or local authority clients. As a result, these projects tend not to be exposed to price risk.

Liquidity risk

The Group adopts a prudent approach to liquidity management by maintaining sufficient cash and available committed facilities to meet its current and upcoming obligations.

The Group's liquidity management policy involves projecting cash flows in major currencies and assessing the level of liquid assets necessary to meet these. Managing liquidity risk is helped by the predictability in both value and timing of cash flows to and from project companies in which the Group invests.

Maturity of financial assets

The maturity profile of the Group's financial assets, excluding investments at FVTPL, is as follows:

| | Continuing operations 31 December 2014 | | | Continuing operations 31 December 2013 | | |
|--|---|--------------------------------------|----------------|---|--------------------------------------|----------------|
| | Less than one year £'000 | Greater than one year £'000 | Total £'000 | Less than one year £'000 | Greater than one year £'000 | Total £'000 |
| Debtors | 183,939 | - | 183,939 | 166,650 | - | 166,650 |
| Cash at bank and in hand | 9 | - | 9 | 7 | - | 7 |
| Financial assets (excluding investments at FVTPL) | 183,948 | - | 183,948 | 166,657 | - | 166,657 |

None of the financial assets is either overdue or impaired.

The maturity profile of the Group's financial liabilities is as follows:

| | 31 December 2014 £'000 | 31 December 2013 £'000 |
|---|------------------------------|------------------------------|
| In one year or less, or on demand | (3,344) | (2,518) |
| In more than one year but less than two years | - | - |
| In more than two years but less than five years | - | - |
| In more than five years | - | - |
| Total | (3,344) | (2,518) |

Capital risk

The Group seeks to adopt efficient financing structures that enable it to manage capital effectively to achieve the Group's objectives without putting shareholder value at risk. The Group's capital structure comprises its equity (as set out in the Group Statement of Changes in Equity).

Notes to the Group Financial Statements

19 Deferred tax

The following are the major deferred tax assets and liabilities and movements therein recognised by the Company in the year ended 31 December 2014 and 31 December 2013:

| | Deferred tax on the fair value of investments | Total |
|--|---|-------------|
| | £'000 | £'000 |
| Opening liability at 1 January 2014 | (737) | (737) |
| Credit to income - current period | 647 | 647 |
| Closing liability at 31 December 2014 | (90) | (90) |

| | | |
|--|--------------|--------------|
| Opening liability at 1 January 2013 | (640) | (640) |
| Charge to income - current year | (97) | (97) |
| Closing liability at 31 December 2013 | (737) | (737) |

Netting of deferred tax balances

| | 31 December 2014 | 31 December 2013 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Deferred tax liabilities | (90) | (737) |
| Net deferred tax on continuing operations as disclosed on the Balance Sheet | (90) | (737) |

A deferred tax liability has been recognised on £0.5 million (31 December 2013 - £3.7 million) relating to future interest receivable from investments held at fair value.

Notes to the Group Financial Statements

20 Share capital

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Allotted, called up and fully paid: | | |
| 14,472,000 ordinary shares of £1.00 each | 14,472 | 14,472 |

The Company has one class of ordinary shares which carry no right to fixed income.

21 Net cash (outflow)/inflow from operating activities

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Profit from operations | 4,628 | 13,522 |
| Adjustments for: | | |
| Unrealised profit arising on changes in fair value of investments in project companies (note 13) | (4,043) | (6,406) |
| Operating cash inflow before movements in working capital | 585 | 7,116 |
| (Increase)/decrease in debtors | (29) | 442 |
| Increase/(decrease) in creditors | 301 | (1,068) |
| Cash inflow from operations | 857 | 6,490 |
| Income taxes paid | (1,563) | (1,245) |
| Net cash (outflow)/inflow from operating activities | (706) | 5,245 |

22 Guarantees, contingent assets and liabilities and other commitments

At 31 December 2014, the Group was a guarantor under the £353.9m corporate banking facility dated 30 June 2014, entered into by John Laing Limited (formerly John Laing plc). The total facility of £353.9 million, due to expire on 20 February 2017, was replaced on 17 February 2015 by a five year £350.0 million corporate banking facility.

At 31 December 2014, the total amount utilised under this facility, and hence guaranteed by the Group, was £244.9m (2013 - £165.9m).

At 31 December 2014, future commitments on investments were £nil (31 December 2013 - £nil).

The Group has given guarantees to lenders of a normal trading nature some of which may be payable on demand.

Claims arise in the normal course of trading which in some cases involve or may involve litigation. Full provision has been made in these accounts for all amounts which the Directors consider will become payable on account of such claims.

Notes to the Group Financial Statements

23 Transactions with related parties**Group**

Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

The Group entered into the following trading transactions with project companies and parent undertakings:

| | 2014 | 2013 |
|--|----------------|--------------|
| | £'000 | £'000 |
| Interest income on amounts owed by parent undertakings | 6,272 | 4,769 |
| Dividend income | 280 | 4,942 |
| Amounts owed by parent undertakings | 183,939 | 166,650 |
| Amounts owed to parent undertakings | (2,060) | (1,564) |
| Amounts owed to group undertakings | (1,098) | (951) |

Loans to and from related parties

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Subordinated debt loans to project companies | 2,617 | 4,201 |

The above loans are provided by and to the Group at market rates of interest and are repayable in accordance with the terms of the loan agreements.

24 Events after balance sheet date

On 30 June 2015, the Company sold its entire investment in Healthcare Support (Erdington) Holdings Limited to JLIF for sale proceeds reflecting the fair value of the investment at the date of disposal. There were no other events after balance sheet date.

Notes to the Group Financial Statements

25 Disclosure - service concession arrangements

The Group has investments in project companies recorded in the Group Balance Sheet at FVTPL. These project companies operate service concession arrangements in the Social Infrastructure sector. The concessions vary as to the extent of their obligations but typically require the construction and operation of an asset during the concession period. The concessions may require the acquisition or replacement of an existing asset or the construction of a new asset. The operation of the assets may include the provision of major maintenance and facilities management services such as cleaning, catering and caretaking. Typically at the end of concession periods the assets are returned to the concession owner.

The rights of the concession owner and concession operator are stated within the project agreements. The rights of the concession owner include provisions to terminate the concession for poor performance of the contract by the operator or in the event of force majeure. The rights of the operator to terminate include the failure of the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the operator to fulfil its requirements.

| | | | | | Period of concession | | | Obligations to property, plant and equipment |
|--------------------------------|--|--|---------|---|----------------------|------------|-----------|--|
| Sector | Company name | Project name | % owned | Short description of concession arrangement | Start date | End date | No. years | |
| Social Infrastructure | | | | | | | | |
| Hospitals | Healthcare Support (Erdington) Limited | North Birmingham Mental Health Hospitals | 100% | Design, build, finance and operate mental health facilities in Birmingham. | 15/08/2000 | 31/03/2037 | 37 | Refurbishment and construction at the All Saints & Highcroft Hospital costing £12 million. |
| Justice and Emergency Services | Services Support (BTP) Limited | British Transport Police | 54.17% | Design, build, finance and operate one office and operate a further six BTP premises. | 26/03/1999 | 28/02/2022 | 23 | Construction costing £2 million. |
| | Services Support (Cleveland) Limited | Cleveland Firearms | 27.08% | Design, build, finance and operate firearms training facility in Cleveland. | 18/04/2000 | 31/03/2026 | 26 | Construction costing £6 million. |
| Defence | Defence Support (St Athan) Limited | DARA Red Dragon | 100% | Design, build and finance aircraft maintenance facilities at RAF St Athan. | 01/08/2003 | 17/12/2019 | 16 | Construction costing £89 million. |

26 Investments

Investment entity subsidiariesUnited Kingdom

Hyder Investments Limited
Dormant company

Laing Investments Greenwich Ltd
Dormant company

Project companiesUnited Kingdom

Defence Support (St Athan) Limited
PPP accommodation operator

Healthcare Support (Erdington) Limited
PPP accommodation operator

Services Support (BTP) Limited
Ordinary shares of £1 (54.17%)
PPP accommodation operator

Services Support (Cleveland) Limited
Ordinary shares of £1 (27.08%)
PPP accommodation operator

Services Support (Surrey) Limited
Ordinary shares of £2 (100%)
Dormant company

Education Support (Southend) Limited
Ordinary shares of £49,999 (99.99%)
Dormant company

Except where indicated, all companies are wholly owned, have 31 December year ends, are incorporated in Great Britain and registered in England and Wales, Scotland or Northern Ireland, and operate mainly in the country of incorporation.

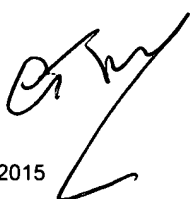
JOHN LAING SOCIAL INFRASTRUCTURE LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Investments | 3 | 50,674 | 52,171 |
| Current assets | | | |
| Debtors | | 186,428 | 169,213 |
| - due within one year | 4 | 184,102 | 166,893 |
| - due after more than one year | 4 | 2,326 | 2,320 |
| Cash at bank and in hand | 5 | 9 | 7 |
| | | <u>186,437</u> | <u>169,220</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 6 | (52,047) | (51,402) |
| Net current assets | | <u>134,390</u> | <u>117,818</u> |
| Total assets less current liabilities | | 185,064 | 169,989 |
| Provisions for liabilities | 8 | (250) | (250) |
| Net assets | | <u>184,814</u> | <u>169,739</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 14,472 | 14,472 |
| Share premium account | 10 | 67,232 | 67,232 |
| Profit and loss account | 10 | 103,110 | 88,035 |
| Shareholder's funds | 11 | <u>184,814</u> | <u>169,739</u> |

The financial statements of John Laing Social Infrastructure Limited, registered number 3576132, were approved by the Board of Directors and authorised for issue on 24 September 2015. They were signed on its behalf by:

C B Waples
Director
24 September 2015



Notes to the Company financial statements for the year ended 31 December 2014

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

In 2014, the Company early adopted Financial Reporting Standard 102 ("FRS 102"). The Company accounts are consequently prepared under FRS 102. The adoption of FRS 102 has not had any material impact on the Company's accounts and consequently prior periods have not been restated. These financial statements are presented in pounds sterling, the functional currency, the currency of the primary economic environment in which the Company operates. The principle accounting policies of the Company are set out below.

The Company's principal activity is to hold investments in PPP companies that provide services under certain private finance agreements and other infrastructure projects (including renewable energy projects). The infrastructure projects are set up as special purpose companies under non-recourse arrangements and therefore the Company has limited exposure to their liabilities. In the event of default of an infrastructure project, the exposure is limited to the extent of the investment the Company has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In accordance with section 408 of the Companies Act 2006, no separate profit and loss account presented for the Company. For the year ended 31 December 2014 the Company reported a profit of £15.1 million (2013 - £18.9 million). The Directors authorised payment of a dividend of £nil (2013 - £10.0 million) during the year.

b) Revenue recognition

Revenue recognition is determined by reference to the following policies:

- Dividend income from investments in project companies and other investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the project company.
- Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the applicable interest rate.

c) Investments

Fixed asset investments are shown at cost less provision for impairment.

An impairment is reversed in the current period, to the extent of the carrying value of the investment had the original impairment not occurred, if there is a change in economic conditions or a change in expected use of the investment. If the increase in value of the investment arises from mechanical factors affecting the discounted present value, such as the passage of time either bringing future cash inflows closer or overtaking future cash outflows, such an increase in value is not considered to be a reversal of the events or circumstances which led to the impairment in the first place.

Income from investments is included in the profit and loss account as declared.

d) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with section 29 of FRS 102: Deferred Tax, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

Notes to the Company financial statements for the year ended 31 December 2014 (continued)

2 DIVIDENDS

The following dividends have been paid during the year:
Equity shares:

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| - dividend paid of £nil (2013 - £0.69) per ordinary share | - | (10,000) |
| | - | (10,000) |

3 INVESTMENTS

| | Subsidiary undertakings Equity £'000 | Joint ventures Equity £'000 | Loans £'000 | Total £'000 |
|----------------------------------|---|-----------------------------------|----------------|----------------|
| Cost | | | | |
| At 1 January 2014 | 50,792 | 726 | 1,864 | 53,382 |
| Disposals | - | (6) | (1,574) | (1,580) |
| Repayments | - | - | (11) | (11) |
| At 31 December 2014 | 50,792 | 720 | 279 | 51,791 |
| Provisions for impairment | | | | |
| At 1 January 2014 | (1,117) | (94) | - | (1,211) |
| Disposals | - | - | - | - |
| Credit for the year | - | 94 | - | 94 |
| At 31 December 2014 | (1,117) | - | - | (1,117) |
| Net book value | | | | |
| At 31 December 2014 | 49,675 | 720 | 279 | 50,674 |
| At 31 December 2013 | 49,675 | 632 | 1,864 | 52,171 |

The Company's subsidiary undertakings and joint ventures are listed on page 25.

On 1 October 2014, the Company sold its 100% interest in Services Support (SEL) Holdings Limited.

4 DEBTORS

| | 2014 £'000 | 2013 £'000 |
|---|----------------|----------------|
| Due within one year | | |
| Amounts owed by parent undertakings | 183,939 | 166,651 |
| Amounts owed by subsidiary undertakings | 71 | 88 |
| Amounts owed by joint ventures | 92 | 154 |
| | 184,102 | 166,893 |
| Due after more than one year | | |
| Amounts owed by subsidiary undertakings | 2,326 | 2,320 |
| | 2,326 | 2,320 |

Included within amounts owed by parent undertakings within one year are loans from parent undertakings and interest due on those loans (2014 - £6.3 million; 2013 - £4.8 million). These loans are payable on demand and interest is charged at 3.5% above base rate from January 2014 to March 2014 and 3.0% above base rate from April 2014 to December 2014 (2013 - 3.5% above base rate).

The amounts owed by subsidiary undertakings and joint ventures in the current and prior year are repayable in line with repayment schedules. Interest is charged at an agreed arms length interest rate.

5 CASH AT BANK AND IN HAND

| | 2014 £'000 | 2013 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 9 | 7 |
| | 9 | 7 |

6 CREDITORS

| | 2014 £'000 | 2013 £'000 |
|--|-----------------|-----------------|
| Amounts falling due within one year | | |
| Amount owed to group undertakings | (1,048) | (901) |
| Amounts owed to subsidiary undertakings | (48,933) | (48,933) |
| Trade creditors | (3) | - |
| Group relief payable | (2,060) | (1,564) |
| Accruals and deferred income | (3) | (4) |
| | (52,047) | (51,402) |

The amounts owed to subsidiary undertakings comprise non-interest bearing loans payable on demand.

7 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

At 31 December 2014, the Company was a guarantor under the £353.9m corporate banking facility dated 30 June 2014, entered into by John Laing Limited (formerly John Laing plc). The total facility of £353.9 million, due to expire on 20 February 2017, was replaced on 17 February 2015 by a five year £350.0 million corporate banking facility.

At 31 December 2014, the total amount utilised under this facility, and hence guaranteed by the Company, was £244.9m (2013 - £165.9m).

As at 31 December 2014, future commitments on investments amounted to £nil (2013 - £nil).

Notes to the Company financial statements for the year ended 31 December 2014 (continued)

8 PROVISIONS FOR LIABILITIES

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| At 1 January | (250) | - |
| Charged to the profit and loss account | - | (250) |
| At 31 December | <u>(250)</u> | <u>(250)</u> |

During 2013, the Company sold Healthcare Services (North Staffs) Holdings Limited and provided an indemnity to the purchaser to cover legal costs if prescribed events occur.

9 CALLED UP SHARE CAPITAL

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Allotted, called up and fully paid: 14,472,000 ordinary shares of £1.00 each | <u>14,472</u> | <u>14,472</u> |

10 MOVEMENT IN RESERVES

| | Share premium account £'000 | Profit and loss account £'000 | Total £'000 |
|--|-----------------------------------|-------------------------------------|----------------|
| At 1 January 2014 | 67,232 | 88,035 | 155,267 |
| Profit for the year | - | 15,075 | 15,075 |
| Dividends paid on equity shares (note 2) | - | - | - |
| At 31 December 2014 | <u>67,232</u> | <u>103,110</u> | <u>170,342</u> |

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 2014 £'000 | 2013 £'000 |
|--|----------------|----------------|
| Profit for the year | 15,075 | 18,888 |
| Dividends paid on equity shares (note 2) | - | (10,000) |
| Net addition to shareholder's funds | <u>15,075</u> | <u>8,888</u> |
| Opening shareholder's funds | 169,739 | 160,851 |
| Closing shareholder's funds | <u>184,814</u> | <u>169,739</u> |

12 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under Section 33 of FRS 102 not to provide information on related party transactions with other undertakings within the John Laing Group.

13 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is John Laing Investments Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent and controlling entity at 31 December 2014 was Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated and registered in Jersey Channel Islands. At the date of approving the financial statements the ultimate parent and controlling entity is John Laing Group plc, a company incorporated in the United Kingdom.