JOHN LAING SOCIAL INFRASTRUCTURE LIMITED
ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017

Registered number: 3576132

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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DIRECTORS, COMPANY SECRETARY AND AUDITOR

Directors
C B Waples
S Colvin (appointed 31 March 2017)
C T Cattermole (appointed 31 March 2017, resigned 29 March 2018)
D Potts (resigned 31 March 2017)

Company secretary and registered office
P Naylor
1 Kingsway
London
WC2B 6AN

Auditor
Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2017, 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 Group'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 £3.6 million (2016: £4.9 million).

At 31 December 2017, the Group had five investments in its investment portfolio, which are all measured at fair value. Four of the Group's investments are in dormant companies or in investment holding companies of dormant companies. Only one of the Group's investments is in a company currently active.

At 31 December 2017, the Group had no external borrowings (2016: £nil).

Dividends of £nil were paid to the ordinary shareholder (2016: £75.0 million paid in lieu of intercompany loans). The directors do not propose the payment of a final dividend (2016: nil).

Strategy
The Group invests in PPP assets with a particular focus on accomodation 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 2017 was £3.6 million compared to £4.9 million for the year ended 31 December 2016.

- *Net asset value ("NAV")*

At 31 December 2017, the Group's NAV was £130.6 million compared to £127.7 million at 31 December 2016.

Further information on the performance of the John Laing Group is available in the 2017 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 Investments Limited, its intermediate parent company. Credit risk is reduced as the Group's only active investment is in a PPP project, the revenues of which is derived from a central governmental body.

A detailed analysis of the principal risks and uncertainties faced by the John Laing Group is disclosed in the 2017 Annual Report and Accounts of John Laing Group plc, the ultimate parent company of John Laing Social Infrastructure Limited. The 2017 Annual Report and Accounts of John Laing Group plc are available at 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.

There have been no significant transactions or activities after the balance sheet date.

By order of the Board
Authorised signatory

S M Colvin
Director
25 May 2018

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2017.

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.

Details of likely future developments in the business are included in the Strategic Report and form part of this report by cross reference.

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 amounted to £nil (2016 - £75.0 million). The Directors do not recommend a final dividend for the year (2016 - £75.0 million).

FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties of the Group and how these are reduced or mitigated is set out in the Strategic Report.

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' INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

DIRECTORS

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

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

S M Colvin
Director
25 May 2018

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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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;
- 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.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of John Laing Social Infrastructure Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the group income statement;
- the group and parent company balance sheets;
- the group and parent company statements of changes in equity;
- the group cash flow statement;
- the related notes 1 to 20 to the group financial statements and related notes 1 to 9 to the parent company financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 not visited by us; or
- 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; or

We have nothing to report in respect of these matters.

D Winstone

Daryl Winstone (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 May 2018

Group Income Statement
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Continuing operations			
Dividend income	4	**45**	54
Net gain on investments at fair value through profit or loss	11	**-**	57
Operating income	5	**45**	111
Administrative (expenses) / income		**(2)**	811
Profit from operations	6	**43**	922
Finance income	8	**3,565**	4,002
Profit before tax		**3,608**	4,924
Tax	10	**(684)**	(925)
Profit after tax		**2,924**	3,999
Attributable to:			
Owner of the Company		**2,924**	3,999
		2,924	3,999

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

Group Statement of Changes in Equity
for the year ended 31 December 2016

	Notes	Called up share capital £'000	Share premium £'000	Revaluation reserve £'000	Accumulated profits £'000	Total equity £'000
Balance at 1 January 2017		**14,472**	**67,233**	**(4)**	**45,995**	**127,696**
Profit after tax and total comprehensive income		-	-	-	2,924	2,924
Balance at 31 December 2017		**14,472**	**67,233**	**(4)**	**48,919**	**130,620**

	Notes	Called up share capital £'000	Share premium £'000	Revaluation reserve £'000	Accumulated profits £'000	Total equity £'000
Balance at 1 January 2016		14,472	67,233	2,243	114,749	198,697
Profit after tax and total comprehensive income		-	-	-	3,999	3,999
Transfer on revaluation of investments	11	-	-	57	(57)	-
Transfer on disposal of interests in investments		-	-	(2,304)	2,304	-
Dividends paid		-	-	-	(75,000)	(75,000)
Balance at 31 December 2016		14,472	67,233	(4)	45,995	127,696

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

Accumulated profits
The accumulated profits represent the accumulated profit since the incorporation of the Company less any amounts transferred to the revaluation reserve.

Group Balance Sheet
as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Investments at fair value through profit or loss	11	-	-
		-	-
Current assets			
Debtors - due within one year	12	**132,217**	130,726
Cash at bank and in hand		**2**	5
		132,219	130,731
Total assets		**132,219**	130,731
Current liabilities			
Creditors - amounts falling due within one year	13	**(1,489)**	(2,102)
		(1,489)	(2,102)
Net current assets		**130,730**	128,629
Total assets less current liabilities		**130,730**	128,629
Provisions for liabilities	14	**(110)**	(933)
Total liabilities		**(1,599)**	(3,035)
Net assets		**130,620**	127,696
Equity			
Share capital	16	**14,472**	14,472
Share premium		**67,233**	67,233
Revaluation reserve		**(4)**	(4)
Accumulated profits		**48,919**	45,995
Equity attributable to owner of the Company		**130,620**	127,696

The financial statements of John Laing Social Infrastructure Limited, registered number 3576132, were approved by the Board of Directors and authorised for issue on 25 May 2018. They were signed on its behalf by:

S M Colvin
Director
25 May 2018

Group Cash Flow Statement

for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Net cash (outflow) / inflow from operating activities	17	**(778)**	54
Investing activities			
Proceeds from disposal of investments		**-**	2,749
Net cash from investing activities		**-**	2,749
Financing activities			
Loans from / (to) parent undertaking		**775**	(2,800)
Net cash used in financing activities		**775**	(2,800)
Net (decrease) / increase in cash at bank and in hand		**(3)**	**3**
Cash at bank and in hand at beginning of the year		**5**	2
Cash at bank and in hand at end of the year		**2**	5

Notes to the Group Financial Statements

1 General information

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

Monetary amounts in these financial statements are rounded to the nearest £'000.

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.

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 Company does not consolidate its investments in subsidiaries held as part of an investment porfolio in accordance with FRS 102 section 9.9. This is explained further in the basis of consolidation 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 that are held as part of an investment portfolio are measured at fair value with changes in fair value recognised in profit or loss.

d) Operating income

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

Dividend income
Dividend income from investments in project companies is recognised when the shareholder's 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 dividend income referred to above.

e) Provisions

Provisions are recognised when:
• the Company has a legal or constructive obligation as a result of past events;
• it is probable that an outflow of resources will be required to settle the obligation; and
• the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole.

Notes to the Group Financial Statements

2 Accounting policies (continued)

f) Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all its financial instruments.

Financial assets
Financial assets are recognised in the Group balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Basic financial assets, which primarily include amounts due from fellow group undertakings, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

(i) Loans and receivables
Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

(ii) Assets at fair value through profit or loss
Financial assets at FVTPL comprise investments at FVTPL which include investments in project companies, investments in listed companies and other assets and liabilities of investment entity subsidiaries. Investments in project companies and in listed companies are designated upon initial recognition as financial assets at FVTPL. Subsequent to initial recognition, investments in project companies are measured on a combined basis at fair value using discounted cash flow methodology. Investments in listed investments are valued at the quoted market price at the end of the period.

The Directors consider that the carrying value of other assets and liabilities held in investment entity subsidiaries at FVTPL approximates to their fair value.

Changes in fair value are recognised within operating income in the Group income statement.

(iii) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand.

Impairment of financial assets
Financial assets are assessed for indications of impairment at each reporting end date.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised 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 liabilities
Basic financial liabilities are initially measured at transaction price, unless the arrangement constituted a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to the Group Financial Statements

2 Accounting policies (continued)

h) Taxation

The tax expense 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 Income Statement 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 Income Statementexcept 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.

i) 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.

3 Critical accounting judgement 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.

Recognition and measurement of financial assets

The Group measures at fair value the investments in subsidiaries and joint ventures that form part of an investment portfolio. These investments comprise investments in PPP project companies. The Group's policy is to fair value both the equity and subordinated debt investments 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 Income Statement.

A valuation of the Group's investment portfolio is prepared on a consistent, principally discounted cash flow basis. 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 Dividend income

	2017	2016
	£'000	£'000
Dividends from investments	**45**	54
	45	54

5 Operating income

All operating income is derived from the UK.

6 Profit from operations

	2017	2016
Profit from operations has been arrived at after charging:	**£'000**	£'000
Fees payable to Company's auditors for the audit of the Company's accounts	**3**	3
Fees payable to Company's auditors for the audit of the Company's subsidiaries' accounts	**1**	7

Administrative income in the prior year of £811,000 includes a provision release of £817,000 due to the resolution of claims during that period (see note 14 to the Group financial statements).

7 Employees and directors' remuneration

The Group had no employees during the year (2016 - 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.

8 Finance income

	2017	2016
	£'000	£'000
Interest receivable on amounts owed by parent undertakings	**3,565**	4,002
	3,565	4,002

9 Dividends paid

	2017	2016
	£'000	£'000
Interim dividend paid - £nil (2016 - £5.18 per share)	-	75,000
	-	75,000

The interim dividend in 2016 was offset against a loan owed by the parent undertaking.

Notes to the Group Financial Statements

10 Tax

The tax expense for the year comprises:	**2017**	2016
	£'000	£'000
Current tax:		
UK corporation tax expense - current year	**(686)**	(800)
UK corporation tax credit / (charge) - prior years	**2**	(125)
Current tax expense	**(686)**	(800)
Tax on continuing operations	**(686)**	(800)

The tax expense for the year can be reconciled to the profit in the Group Income Statement as follows:

	2017	2016
	£'000	£'000
Profit before tax on continuing operations	**3,608**	4,924
Tax at the UK corporation tax rate of 19.25% (2016 - 20%)	**(695)**	(985)
Tax effect of dividend income not taxable	**9**	11
Movement in provision	**-**	163
Non-taxable movement on fair value of investments	**-**	11
Adjustments in respect of prior years	**2**	(125)
Total tax for the year on continuing operations	**(684)**	(925)

For the year ended 31 December 2017 a tax rate of 19.25% has been applied (2016 - 20.0%). The standard rate of corporation tax reduced from 20% to 19% from 1 April 2017 and is expected to reduce by a further 2% to 17% with effect from 1 April 2020. This change in the standard rate of corporation tax rate from 1 April 2017 has led to a blended rate of 19.25% to be applied to the profit before tax in the table above.

Notes to the Group Financial Statements

11 Investments at fair value through profit or loss

	2017	2016
	Project companies	Project companies
	£'000	£'000
At 1 January	**-**	2,742
Distributions	**(45)**	(54)
Disposals	**-**	(2,749)
Fair value movement	**45**	111
Transfers	**-**	(50)
At 31 December	**-**	-

The fair value movement of £45,000 (2016 - £111,000) above is shown on the Group Income Statement as dividend income of £45,000 (2016 - £54,000) and a net gain on investments at fair value through profit or loss of £nil (2016 - £57,000).

Year ended 31 December 2017
During the year ended 31 December 2017, the Group made no disposals.

Year ended 31 December 2016
During the year ended 31 December 2016, the Group disposed of shares and subordinated debt in one PPP project company.

Details were as follows:

Company	**Date of completion**	**Original holding** %	**Holding disposed of** %	**Retained holding** %
Sold to John Laing Infrastructure Fund Limited (JLIF)				
Services Support (BTP) Holdings Limited	29 February 2016	54.17	54.17	-

Notes to the Group Financial Statements

12 Debtors

	31 December 2017	31 December 2016
	£'000	£'000
Due within one year		
Amounts owed by parent undertakings	**132,217**	130,726
	132,217	130,726

Amounts owed by parent undertakings due within one year comprise loans from parent undertakings of £128,652,000 (2016 - £126,724,000) and interest due on those loans of £3,565,000 (2016 - £4,002,000). These loans are payable on demand and interest is charged at 2.5% above base rate (2016 - 2.5% above base rate).

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

13 Creditors

	31 December 2017	31 December 2016
	£'000	£'000
Due within one year		
Amounts owed to fellow group undertakings	**-**	(4)
Accruals	**(4)**	(6)
Group relief payable	**(1,485)**	(2,092)
	(1,489)	(2,102)

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

14 Provisions for liabilities

	31 December 2017	31 December 2016
	£'000	£'000
At 1 January	**(933)**	(1,750)
Payment made on resolution of claim	**823**	-
Credited to the income statement	**-**	817
At 31 December	**(110)**	(933)

Provisions as at 31 December 2017 and 2016 relate to potential costs from claims in relation to investments in projects the Group has disposed. The reduction in the provisions in 2016, included in adminstrative income in the Group Income Statement, is due to the resolution of claims during that period. A payment of £823,000 was made in January 2017 leaving a provision of £110,000 in relation to one claim. The remaining £110,000 reflects the Directors' estimate of liability at the time these financial statements were signed.

Notes to the Group Financial Statements

15 Financial instruments

a) Financial instruments by category

	Cash and cash equivalents £'000	Loans and receivables at amortised cost £'000	Assets at fair value through profit or loss £'000	Financial liabilities at amortised cost £'000	Total £'000
31 December 2017					
Non-current assets					
Investments at fair value through profit or loss	-	-	-	-	-
Current assets					
Debtors - due within one year	-	132,217	-	-	132,217
Cash at bank and in hand	2	-	-	-	2
Total financial assets	2	132,217	-	-	132,219
Current liabilities					
Creditors - amounts falling due within one year	-	-	-	(4)	(4)
Total financial liabilities	-	-	-	(4)	(4)
Net financial instruments	2	132,217	-	(4)	132,215

	Cash and cash equivalents £'000	Loans and receivables at amortised cost £'000	Assets at fair value through profit or loss £'000	Financial liabilities at amortised cost £'000	Total £'000
31 December 2016					
Non-current assets					
Investments at fair value through profit or loss	-	-	-	-	-
Current assets					
Debtors - due within one year	-	130,726	-	-	130,726
Cash at bank and in hand	5	-	-	-	5
Total financial assets		130,726	-	-	130,731
Current liabilities					
Creditors - amounts falling due within one year	-	-	-	(10)	(10)
Total financial liabilities	-	-	-	(10)	(10)
Net financial instruments	5	130,726	-	(10)	130,721

Notes to the Group Financial Statements

16 Share capital

	2017 £'000	2016 £'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.

17 Net cash (outflow) / inflow from operating activities

	2017 £'000	2016 £'000
Profit from operations	**43**	922
Adjustments for:		
Unrealised profit arising on changes in fair value of investments in project companies (note 11)	**-**	(57)
Operating cash inflow before movements in working capital	**43**	865
Decrease in provisons	**(823)**	(817)
Decrease in debtors	**-**	679
Increase / (decrease) in creditors	**2**	(673)
Net cash (outflow) / inflow from operating activities	**(778)**	**54**

18 Guarantees, contingent assets and liabilities and other commitments

At 31 December 2017, the Company was a guarantor of an uncommitted bonding facility from Zurich entered into by John Laing Limited. At 31 December 2017, the total amount utilised under the Zurich facility, and hence guaranteed by the Company, was £nil (2016 - £nil).

At 31 December 2017, future commitments on investments were £nil (31 December 2016 - £nil).

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.

19 Transactions with related parties

As a wholly owned subsidiary of John Laing Group plc, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Group plc group. A copy of the published financial statements of John Laing Group plc can be obtained from www.laing.com.

20 Investments

Company name	Ownership interest	Operation	Country of incorporation	Registered office
Hyder Investments Limited *	100%	Dormant company	United Kingdom	Note 1
Laing Investments Greenwich Limited *	100%	Dormant company	United Kingdom	Note 1
Defence Support (St Athan) Holdings Limited *	100%	Holding company	United Kingdom	Note 2
Defence Support (St Athan) Limited **	100%	PPP accommodation operator	United Kingdom	Note 2
Education Support (Southend) Limited *	99.99%	Dormant company	United Kingdom	Note 1
Services Support (Surrey) Holdings Limited *	100%	Holding company	United Kingdom	Note 1
Services Support (Surrey) Limited **	100%	Dormant company	United Kingdom	Note 1

1) The registered office of these companies is: 1 Kingsway, London, WC2B 6AN
2) The registered office of these companies is: 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
* investments held directly
** investments held indirectly

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments	2	**48,938**	48,938
Current assets			
Debtors		**132,217**	130,726
- due within one year	3	**132,217**	130,726
- due after more than one year	3	**-**	-
Cash at bank and in hand		**2**	5
		132,219	130,731
Current liabilities			
Creditors: amounts falling due within one year	4	**(50,422)**	(51,035)
Net current assets		**81,797**	79,696
Total assets less current liabilities		**130,735**	128,634
Provisions for liabilities	6	**(110)**	(933)
Net assets		**130,625**	127,701
Capital and reserves			
Called up share capital	7	**14,472**	14,472
Share premium account		**67,233**	67,233
Accumulated profits		**48,920**	45,996
Shareholder's funds		**130,625**	127,701

In accordance with section 408 of the Companies Act 2006, no separate profit and loss account has been presented for the Company. For the year ended 31 December 2017 the Company reported a profit after tax of £2,924,000 (2016 - £6,247,000).

The financial statements of John Laing Social Infrastructure Limited, registered number 3576132, were approved by the Board of Directors and authorised for issue on 25 May 2018. They were signed on its behalf by:

S M Colvin
Director
25 May 2018

Company Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £'000	**Share premium £'000**	**Accumulated profits £'000**	**Total equity £'000**
Balance at 1 January 2017	**14,472**	**67,233**	**45,996**	**127,701**
Profit after tax and total comprehensive income	**-**	**-**	**2,924**	**2,924**
Balance at 31 December 2017	**14,472**	**67,233**	**48,920**	**130,625**

	Called up share capital £'000	Share premium £'000	Accumulated profits £'000	Total equity £'000
Balance at 1 January 2016	14,472	67,233	114,749	196,454
Profit after tax and total comprehensive income	-	-	6,247	6,247
Dividends paid	-	-	(75,000)	(75,000)
Balance at 31 December 2016	14,472	67,233	45,996	127,701

Accumulated profits
The accumulated profits represent the accumulated profit since the incorporation of the Company

Notes to the Company financial statements for the year ended 31 December 2017

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historic cost convention 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.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' 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.

Dividends of £nil were paid to the ordinary shareholder (2016: £75.0 million paid in lieu of intercompany loans).

b) Revenue recognition

Revenue recognition is determined by reference to the following policy:

- Dividend income from investments in project companies 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.

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.

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.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in project companies, except where the Company 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 Company 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 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 Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the Company financial statements for the year ended 31 December 2017 (continued)

2 INVESTMENTS

	Subsidiary undertakings Equity £'000	Total £'000
Cost		
At 1 January 2017 and 31 December 2017	**50,055**	**50,055**
Provisions for impairment		
At 1 January 2017 and 31 December 2017	**(1,117)**	**(1,117)**
Net book value		
At 1 January 2017 and 31 December 2017	**48,938**	**48,938**

The Company's investments are listed on page 19.

3 DEBTORS

	2017 £'000	2016 £'000
Due within one year		
Amounts owed by parent undertakings	**132,217**	130,726
	132,217	130,726

Amounts owed by parent undertakings due within one year comprise loans from parent undertakings of £128,652,000 (2016 - £126,724,000) and interest due on those loans of £3,565,000 (2016 - £4,002,000). These loans are payable on demand and interest is charged at 2.5% above base rate (2016 - 2.5% above base rate).

4 CREDITORS

	2017 £'000	2016 £'000
Due within one year		
Amount owed to fellow group undertakings	**-**	(4)
Amounts owed to subsidiary undertakings	**(48,933)**	(48,933)
Group relief payable	**(1,485)**	(2,092)
Accruals and deferred income	**(4)**	(6)
	(50,422)	(51,035)

The amounts owed to fellow group undertakings are payable on demand and no interest is charged.

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

5 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

At 31 December 2017, the Company was a guarantor of an uncommitted bonding facility from Zurich entered into by John Laing Limited. At 31 December 2017 the total amount utilised under the Zurich facility, and hence guaranteed by the Company, was £nil (2016 - £nil).

As at 31 December 2017, future commitments on investments were £nil (2016 - £nil).

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 Company financial statements for the year ended 31 December 2017 (continued)

6 PROVISIONS FOR LIABILITIES

	2017 £'000	2016 £'000
At 1 January	(933)	(1,750)
Payment made on resolution of claim	823	-
Credited to the income statement	-	817
At 31 December	(110)	(933)

Provisions as at 31 December 2017 and 2016 relate to potential costs from claims in relation to investments in projects the Company has disposed. The reduction in the provisions in 2016 is due to the resolution of claims during that period. A payment of £823,000 was made in January 2017 leaving a provision of £110,000 in relation to one claim. The remaining £110,000 reflects the Directors' estimate of liability at the time these financial statements were signed.

7 CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called up and fully paid:		
14,472,000 ordinary shares of £1.00 each	14,472	14,472

8 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 subsidiary undertakings within the John Laing group.

9 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 is John Laing Group plc, a company incorporated in the United Kingdom.

The Company is not consolidated into the financial statements of any of its parents.