Company Registration No. 08616461 (England and Wales)

COBALT PROJECT INVESTMENTS (ISSUER) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

COBALT PROJECT INVESTMENTS (ISSUER) LIMITED

COMPANY INFORMATION

Directors	Mr J McDonagh Mr M Ryan Mr A Ray
Secretary	Maclay Murray & Spens LLP
Company number	08616461
Registered office	1 London Wall London EC2Y 5AB
Auditor	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX

COBALT PROJECT INVESTMENTS (ISSUER) LIMITED

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COBALT PROJECT INVESTMENTS (ISSUER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities
The principal activity of the company continued to be that of issuing debt to enable its associate Cobalt Project Investments Limited to invest in secondary PFI projects. The debt is in the form of unsecured loan notes listed on the Channel Islands Stock Exchange.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J McDonagh
Mr M Ryan
Mr A Ray

Results and dividends
The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor
PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate measures and have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Disclosure of information to auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern
The Company finds itself in negative liabilities as at 31 March 2016. This is a result of the expenses of the Company, including interest expense, being greater up to now than the income from the Company's investments. The Company invests either directly or indirectly in debt and equity PFI / PPP investments which are held for the long term. The Directors regularly review the forecasts and projections of the underlying PFI / PPP investments which show over time the income received from those investments will be greater than the outgoings of the Company including the cost of financing those investments. In light of this the Directors continue to adopt the going concern basis of preparation for the financial statements.

On behalf of the board

....
Mr J McDonagh
Director
23/12/16

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law required the directors to prepare the financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

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 and 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Independent auditors' report to the members of Cobalt Project Investments (Issuer) Limited

Report on the financial statements

Our opinion

In our opinion, Cobalt Project Investments (Issuer) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

Mark Hoskyns-Abrahall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
23 December 2016

COBALT PROJECT INVESTMENTS (ISSUER) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Administrative expenses		(190)	(192)
Interest receivable and similar income	5	2,527,617	2,520,711
Interest payable and similar expenses	6	(2,527,617)	(2,520,711)
Loss before taxation		(190)	(192)
Taxation	7	-	-
Loss and total comprehensive expense for the year		(190)	(192)

COBALT PROJECT INVESTMENTS (ISSUER) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Investments	8		29,482,025		29,482,025
Current assets					
Debtors	9	1,616,738		826,329	
Cash at bank and in hand		50		41	
		1,616,788		826,370	
Creditors: amounts falling due within one year	10	(1,617,260)		(826,652)	
Net current liabilities			(472)		(282)
Total assets less current liabilities			29,481,553		29,481,743
Creditors: amounts falling due after more than one year	11		(29,482,000)		(29,482,000)
Net liabilities			(447)		(257)
Capital and reserves					
Called up share capital	12		2		2
Profit and loss reserves			(449)		(259)
Total equity			(447)		(257)

The financial statements were approved by the board of directors and authorised for issue on 23/12/16 and are signed on its behalf by:

....
Mr J McDonagh
Director

Company Registration No. 08616461

COBALT PROJECT INVESTMENTS (ISSUER) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2014		2	(67)	(65)
Year ended 31 March 2015:				
Loss and total comprehensive expense for the year		-	(192)	(192)
Balance at 31 March 2015		2	(259)	(257)
Year ended 31 March 2016:				
Loss and total comprehensive expense for the year		-	(190)	(190)
Balance at 31 March 2016		2	(449)	(447)

1 Accounting policies

Company information

Cobalt Project Investments (Issuer) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 London Wall, London, EC2Y 5AB.

1.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Cobalt Project Investments (Issuer) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The Company finds itself in negative liabilities as at 31 March 2016. Further details with regards to going concern are provided within the Directors' report.

1.3 Fixed asset investments

Interests in associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are 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 classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including loans from fellow group companies and Eurobonds, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies **(Continued)**

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 in the 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 the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Cash flow

The company has taken advantage of the reduced disclosure framework of FRS 102 available to certain qualifying subsidiaries; namely the requirement to present a Statement of Cash Flows.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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 and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of fixed asset investments

The directors annually review the fixed asset investments for indicators that fixed asset investments are impaired. The directors consider factors such as the financial and non-financial performance of the associate that Cobalt Project Investments (Issuer) Limited has an investment in before determining whether an impairment charge is necessary.

3 Staff costs and directors' remuneration

The company had no employees other than the directors who did not receive any remuneration in respect of their services to the Company during the year to 31 March 2016 (2015: £nil).

4 Administrative expenses

The audit fee of £3,200 (2015: £3,500) for the year ended 31 March 2016 was paid by Dalmore Capital 2 GP Limited.

5 Interest receivable and similar income

	2016	2015
	£	£
Interest receivable and similar income includes the following:		
Interest income	2,527,617	2,520,711

All income is derived from the loans made to its associate Cobalt Project Investments Limited.

6 Interest payable and similar expenses

	2016	2015
	£	£
Interest payable and similar expenses includes the following:		
Interest payable on loans from parent entity	2,527,617	2,520,711

7 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Loss before taxation	(190)	(192)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	(38)	(40)
Losses not recognised	38	40
Tax expense for the year	-	-

The deferred tax asset created by the losses of approximately £93 (2015: £55) has not been recognised as future income is not predictable enough to ensure their recovery.

8 Fixed asset investments

	2016	2015
	£	£
Investments	25	25
Loans	29,482,000	29,482,000
	29,482,025	29,482,025

The Company makes loans to its associate Cobalt Project Investments Limited in order for it to make investments. The Company holds 25 ordinary shares in its associate Cobalt Project Investments Limited, being 25% of its issued share capital. At the year end, the company had a loan balance due to Cobalt Project Investments Limited of £29,482,000 (2015 - £29,482,000). Interest is charged at a rate of 8.55% and these loans are due for repayment in 2044.

Movements in fixed asset investments

	Shares in group undertakings and participating interests	Loans to group undertakings and participating interests	Total
	£	£	£
Cost or valuation			
At 1 April 2015 & 31 March 2016	25	29,482,000	29,482,025
Carrying amount			
At 31 March 2016	25	29,482,000	29,482,025
At 31 March 2015	25	29,482,000	29,482,025

9 Debtors

	2016	2015
Amounts falling due within one year:	£	£
Amounts receivable from holding company	2	2
Other debtors	1,616,736	826,327
	1,616,738	826,329

10 Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts due to group undertakings	-	325
Other creditors	1,617,260	826,327
	1,617,260	826,652

Amounts owed to group undertakings is interest free, unsecured and repayable on demand.

11 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Loans from parent company	29,482,000	29,482,000

The loans relate to bonds which have been raised on the Channel Islands Stock Exchange in the form of Eurobonds and bear interest at a rate of 8.55%. The maturity date of these loans is 31 March 2044.

12 Called up share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
2 Ordinary shares of £1 each	2	2

13 Related party transactions

During the year, the company received interest of £2,527,617 (2015 - £2,520,711) from Cobalt Project Investments Limited, an associate. At the year end, amounts receivable totalled £1,616,736 (2015 - £826,327).

The company has taken advantage of the exemption contained in section 33 of FRS 102, not to disclose transactions or balances with entities which form part of the group.

14 Controlling party

The company is owned and controlled by Cobalt Project Investments LP, a limited partnership registered in England who is also its ultimate parent undertaking.