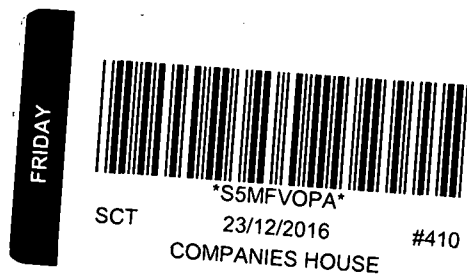


**Colne Investments 2 Holdco Limited**

**Financial Statements**

**31 March 2016**



# **Colne Investments 2 Holdco Limited**

## **Financial Statements**

**Period ended 31 March 2016**

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# Colne Investments 2 Holdco Limited

## Officers and Professional Advisers

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**The board of directors**

M J Ryan  
J McDonagh  
A G Ray

**Company secretary**

MacLay Murray and Spens LLP

**Registered office**

One London Wall  
London  
United Kingdom  
EC2Y 5AB

**Auditor**

PricewaterhouseCoopers LLP  
Chartered Accountants Statutory Auditors  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

# **Colne Investments 2 Holdco Limited**

## **Directors Report**

### **Period ended 31 March 2016**

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The directors present their report and the financial statements of the company for the period ended 31 March 2016.

#### **Incorporation**

The company was incorporated on 29 December 2014 as MM&S (5862) Limited. It changed its name to Colne Investments 2 Holdco Limited on 10 March 2015. The Company's principal activities during the period were the issuance of Eurobonds to Colne Investments 2 Limited Partnership and the subsequent provision of funding to its investment, Colne Topco Limited. Colne Topco Limited has invested in a single asset RMPA Services plc, a company which has designed, built and continues to finance a garrison facility at Colchester. The loss for the financial period and total comprehensive income amounted to £0.2m.

#### **Directors**

The directors who served the company during the period and to the date of this report were as follows:

M J Ryan  
J McDonagh  
A G Ray

#### **Going concern**

The Company forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Company should be able to operate within the level of its current resources. The Company's going concern is dependant on the performance of its investment. After reviewing the performance of the investment, which is done on a regular basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, despite any economic uncertainties. Dalmore Capital 11 GP Limited has provided a Letter of Support to the Company in its capacity as General Partner of Colne Investments 2 LP.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

#### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

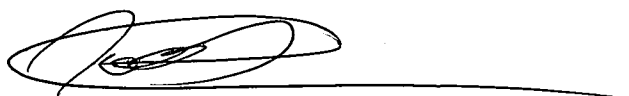
# Colne Investments 2 Holdco Limited

## Directors Report *(continued)*

**Period ended 31 March 2016**

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This report was approved by the board of directors on 25/11/2016 and signed on behalf of the board by:



J McDonagh  
Director

Registered office:  
One London Wall  
London  
United Kingdom  
EC2Y 5AB

# **Colne Investments 2 Holdco Limited**

## **Directors Responsibilities Statement**

**Period ended 31 March 2016**

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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.

# **Colne Investments 2 Holdco Limited**

## **Independent Auditors' Report to the members of Colne Investments 2 Holdco Limited**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Colne Investments 2 Holdco 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 and cash flows for the 15 month period (the "period") 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 Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2016;
- the Statement of comprehensive income for the period then ended;
- the Statement of cash flows for the period then ended;
- the Statement of changes in equity for the period 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.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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

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### **Other matters on which we are required to report by exception**

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#### **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.

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#### **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.

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#### **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.

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# Colne Investments 2 Holdco Limited

## Independent Auditor's Report to the Shareholders of Colne Investments 2 Holdco Limited (continued)

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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#### What an audit of financial statements involves

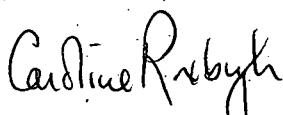
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.



Caroline Roxburgh (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
28 November 2016

# Colne Investments 2 Holdco Limited

## Statement of Comprehensive Income

Period ended 31 March 2016

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	Note	2016 £
Administrative expenses		(17,825)
<b>Operating loss</b>		(17,825)
Other interest receivable and similar income	3	929,197
Interest payable and similar charges	4	(1,126,257)
<b>Loss on ordinary activities before taxation</b>		(214,885)
Tax on loss on ordinary activities	5	—
<b>Loss for the financial period and total comprehensive income</b>		<u>(214,885)</u>

All the activities of the company are from continuing operations.

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The notes on pages 11 to 14 form part of these financial statements.

# Colne Investments 2 Holdco Limited

## Statement of Financial Position

31 March 2016

	Note	2016 £
<b>Fixed assets</b>		
Investments	6	22,684,832
<b>Current assets</b>		
Debtors	7	394,207
<b>Creditors: amounts falling due within one year</b>	8	(609,511)
<b>Net current liabilities</b>		<u>215,304</u>
<b>Total assets less current liabilities</b>		22,469,528
<b>Creditors: amounts falling due after more than one year</b>	9	(22,684,411)
<b>Net liabilities</b>		<u>(214,883)</u>
<b>Capital and reserves</b>		
Called up share capital	11	2
Profit and loss account	12	(214,885)
<b>Shareholders' deficit</b>		<u>(214,883)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on ....., and are signed on behalf of the board by:



J McDonagh  
Director

Company registration number: 9368997

The notes on pages 11 to 14 form part of these financial statements.

# Colne Investments 2 Holdco Limited

## Statement of Changes in Equity

Period ended 31 March 2016

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	Called up share capital £	Profit and loss account £	Total £
On incorporation	–	–	–
Loss for the period	–	(214,885)	(214,885)
<b>Total comprehensive income for the period</b>	–	(214,885)	(214,885)
Issue of shares	2	–	2
<b>Total investments by and distributions to owners</b>	2	–	2
<b>At 31 March 2016</b>	<u>2</u>	<u>(214,885)</u>	<u>(214,883)</u>

The notes on pages 11 to 14 form part of these financial statements:

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# Colne Investments 2 Holdco Limited

## Statement of Cash Flows

Period ended 31 March 2016

	2016 £
<b>Cash flows from operating activities</b>	
Loss for the financial period	(214,885)
<i>Adjustments for:</i>	
Other interest receivable and similar income	(929,197)
Interest payable and similar charges	1,126,257
<i>Changes in:</i>	
Trade and other debtors	(394,207)
Cash used in operations	(412,032)
Interest paid	(1,126,257)
Interest received	929,197
Net cash used in operating activities	<u>(609,092)</u>
<b>Cash flows from investing activities</b>	
Cash advances and loans granted	(22,684,804)
Acquisition of interests in associates and joint ventures	(28)
Net cash used in investing activities	<u>(22,684,832)</u>
<b>Cash flows from financing activities</b>	
Proceeds from issue of ordinary shares	2
Proceeds from loans from group undertakings	23,293,922
Net cash from financing activities	<u>23,293,924</u>
<b>Net decrease in cash and cash equivalents</b>	—
<b>Cash and cash equivalents at beginning of period</b>	—
<b>Cash and cash equivalents at end of period</b>	<u>—</u>

The notes on pages 11 to 14 form part of these financial statements.

# Colne Investments 2 Holdco Limited

## Notes to the Financial Statements

Period ended 31 March 2016

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### 1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 2. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investments measured at fair value through profit or loss. As the Company was incorporated on 29 December 2014 The first accounts have been drawn up for a 15 month period.

The financial statements are prepared in pounds sterling, which is the functional currency of the entity.

#### Going concern

The accounts have been prepared on the assumption that the company is able to carry on business as a going concern, which the Directors consider appropriate as outlined in their report on page 2.

#### Consolidation

The entity has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the entity and its subsidiary undertakings comprise a small group.

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

# Colne Investments 2 Holdco Limited

## Notes to the Financial Statements *(continued)*

Period ended 31 March 2016

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### 2. Accounting policies *(continued)*

#### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

### 3. Other interest receivable and similar income

	<b>2016</b>
	<b>£</b>
Interest receivable from associated company	929,197

### 4. Interest payable and similar charges

	<b>2016</b>
	<b>£</b>
Eurobond interest due to group undertakings	1,126,257

# Colne Investments 2 Holdco Limited

## Notes to the Financial Statements *(continued)*

Period ended 31 March 2016

### 5. Tax on loss on ordinary activities

#### Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20.20%.

	2016 £
Loss on ordinary activities before taxation	(214,885)
Loss on ordinary activities by rate of tax	(43,412)
Unused tax losses	43,412
Tax on loss on ordinary activities	—

### 6. Investments

	Shares in participating interests £	Loans to participating interests £	Total £
<b>Cost</b>			
Additions	28	22,684,804	22,684,832
<b>At 31 March 2016</b>	<u>28</u>	<u>22,684,804</u>	<u>22,684,832</u>
<b>Impairment</b>			
At 31 Mar 2016	<u>—</u>	<u>—</u>	<u>—</u>
<b>Carrying amount</b>			
At 31 March 2016	<u>28</u>	<u>22,684,804</u>	<u>22,684,832</u>

On 10 March 2015, the Company acquired 2,722 Ordinary shares of £0.01 each (27.9% of the issued capital). On the same date the Company also acquired £3,997,062 zero-rated loan stock and £18,687,742 unsecured index-linked loan notes 2039. The latter has a basic rate of interest of 6% and is repayable by 28 February 2039.

### 7. Debtors

	2016 £
Amounts due from related undertakings	394,207

The amounts owed by related undertakings are interest free and are repayable on demand.

### 8. Creditors: amounts falling due within one year

	2016 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	609,511

The amounts owed to group undertakings are interest free and are repayable on demand.

# Colne Investments 2 Holdco Limited

## Notes to the Financial Statements *(continued)*

Period ended 31 March 2016

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### 9. Creditors: amounts falling due after more than one year

	2016 £
Eurobonds owed to group undertakings and undertakings in which the company has a participating interest	22,684,411

Eurobonds owed to group undertakings have been advanced by the immediate parent, Colne Investments 2 Limited Partnership. These bear an interest rate of 6%, are index-linked, and are repayable in 2039.

### 10. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £
<b>Financial assets</b>	
Financial assets that are debt instruments measured at amortised cost	23,079,039
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	(23,293,922)

### 11. Called up share capital

#### Issued, called up and fully paid

	2016	
	No	£
Ordinary shares of £1 each	2	2

Two ordinary shares of £1 each were issued on incorporation on 29 December 2014.

### 12. Related party transactions

During the period the Company paid Eurobond interest of £1,126,257 to its immediate parent entity, Colne Investments 2 Limited Partnership. The balance outstanding at the period- end is shown in note 8.

During the period the Company received interest of £929,197 from its associate, Colne Topco Limited. The balance receivable at the period- end is shown in note 7.

### 13. Controlling party

The Company is owned and controlled by Colne investments 2 LP, a limited partnership registered in England and Wales, which is also its immediate and ultimate parent undertaking.