

**Report of the Directors and
Financial Statements
for the year ended 31 December 2017
for
IPP Bond Limited**

Registered Number: 06332076 (England and Wales)

Contents of the Financial Statements for the year ended 31 December 2017

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

IPP Bond Limited

Company Information for the year ended 31 December 2017

DIRECTORS:	G J Frost M J Gregory M A Anwer
SECRETARY:	A E Woods
REGISTERED OFFICE:	3 More London Riverside London SE1 2AQ
REGISTERED NUMBER:	06332076 (England and Wales)
AUDITOR:	Ernst & Young LLP Statutory Auditor London, United Kingdom

IPP Bond Limited (Registered Number: 06332076)

Report of the Directors for the year ended 31 December 2017

The directors present their report with the financial statements of IPP Bond Limited ('the company') for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company and also providing financing for its underlying subsidiaries. The company will continue in this activity for the foreseeable future.

REVIEW OF BUSINESS

The loss for the financial year of £21,254,011 (2016: loss of £7,786,303) has been transferred to reserves.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks affecting the company are closely linked to those of its underlying subsidiaries. The immediate risk to the company is the under-performance of these underlying subsidiaries, as a result of a decline in revenues, which could impact cash flows received from these subsidiary undertakings.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

DIVIDENDS

The directors do not propose a dividend for the year ended 31 December 2017 (2016: £Nil).

DIRECTORS

The directors shown below have held office during the year from 1 January 2017 to the date of this report.

G J Frost
M J Gregory
M A Anwer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable United Kingdom 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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

**Report of the Directors – (continued)
for the year ended 31 December 2017**

STATEMENT OF DIRECTORS' RESPONSIBILITIES – (continued)

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information to establish that the auditor is aware of that information.

ON BEHALF OF THE BOARD:


.....
M A Anwer – Director

Date: 26 April 2018

Independent Auditors Report to the Shareholders of IPP Bond Limited

Opinion

We have audited the financial statements of IPP Bond Limited (the 'company') for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

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 below. We are independent of the 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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Shareholders of IPP Bond Limited (continued)

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the directors' report.

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

- 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; 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
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

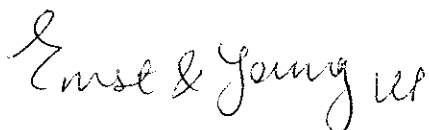
As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable 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 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 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Lloyd Brown (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 26 April 2018

IPP Bond Limited

Statement of Comprehensive Income for the year ended 31 December 2017

	Notes	2017	2016
Turnover			
Administrative expenses		(86,465)	(24,416)
Unrealised/realised foreign exchange gain		<u>284,862</u>	<u>1,404,078</u>
Operating gain	3	198,397	1,379,662
Interest receivable and similar income	4	<u>61,120,936</u>	<u>49,857,772</u>
		61,319,333	51,237,434
Interest payable and similar charges	5	<u>(83,241,111)</u>	<u>(60,522,320)</u>
Loss on ordinary activities before taxation		(21,921,778)	(9,284,886)
Tax on loss on ordinary activities	6	<u>667,767</u>	<u>1,498,583</u>
Loss for the financial year		(21,254,011)	(7,786,303)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(21,254,011)</u>	<u>(7,786,303)</u>

Continuing operations

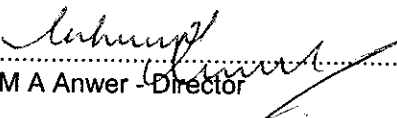
All items in the above statement derive from continuing operations.

IPP Bond Limited (Registered Number: 06332076)

Balance Sheet 31 December 2017

	Notes	2017	2016
FIXED ASSETS			
Fixed Asset Investments	7	510,670,865	244,813,344
Amounts falling due after one year	8	<u>877,143,613</u>	<u>788,082,616</u>
		1,387,814,478	1,032,895,960
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year	8	32,544,115	33,244,142
Cash in bank		<u>4,049,173</u>	<u>9,479,045</u>
		36,593,288	42,723,187
CREDITORS			
Amounts falling due within one year	9	<u>(22,002,915)</u>	<u>(25,411,991)</u>
NET CURRENT ASSETS		14,590,373	17,311,196
TOTAL ASSETS LESS CURRENT LIABILITIES		1,402,404,851	1,050,207,156
CREDITORS			
Amounts falling due after more than one year	10	<u>(1,398,525,520)</u>	<u>(1,025,073,814)</u>
NET ASSETS		3,879,331	25,133,342
CAPITAL AND RESERVES			
Called up share capital	11	10,005	10,005
Share premium	12	65,128,671	65,128,671
Profit and loss account	12	<u>(61,259,345)</u>	<u>(40,005,334)</u>
SHAREHOLDERS' FUNDS	14	3,879,331	25,133,342

The financial statements of IPP Bond Limited registered number 06332076 were approved by the board of directors and authorised for issue on 26 April 2018. They were signed on its behalf by:


M A Anwer - Director

IPP Bond Limited (Registered Number: 06332076)

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

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 01 January 2016	10,005	65,128,671	(32,219,031)	32,919,645
Changes in equity				
Total comprehensive loss	-	-	(7,786,303)	(7,786,303)
Balance at 31 December 2016	10,005	65,128,671	(40,005,334)	25,133,342
Changes in equity				
Total comprehensive loss	-	-	(21,254,011)	(21,254,011)
Balance at 31 December 2017	10,005	65,128,671	(61,259,345)	3,879,331

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2017

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

IPP Bond Limited is a limited company incorporated in England. The Registered Office is 3 More London Riverside, London SE1 2AQ. The financial statements have been prepared in compliance with FRS 101 and the Companies Act 2006 for the year ended 31 December 2017.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. The financial statements are prepared in pounds sterling to the nearest pound.

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 amounts 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 following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of investments

Determining whether the company's investments (including loan receivables) have been impaired requires estimation of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91 - 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial statements;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (g) the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets.

Notes to the Financial Statements
for the year ended 31 December 2017

1. ACCOUNTING POLICIES - continued

Preparation of consolidated financial statements

The financial statements contain information about IPP Bond Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is a wholly-owned subsidiary of International Public Partnerships Limited Partnership and is included in its consolidated financial statements, which are publicly available.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the rates of exchange ruling at the balance sheet date. Non-monetary items are not re-translated at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to the Financial Statements - continued for the year ended 31 December 2017

1. ACCOUNTING POLICIES - continued

Taxation - continued

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Going concern

The company exists to hold investments in its subsidiaries which themselves hold investments in subsidiaries that provide services under certain private finance agreements. Having reviewed the company's investment portfolio, including the associated future cash requirements, forecast receipts from the ultimate subsidiaries and the ability of the Group companies to settle their intercompany balances with the company, 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, and accordingly the Directors continue to adopt the going concern basis in preparing the financial statements.

Income from dividends

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Loan issue costs

Loan issue costs are recognised in profit and loss in the period in which they are incurred.

Investments

Investments are stated at cost less provision for any impairment in value.

Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Loans Receivable

Loans receivable are recorded at the actual amounts paid. Interest incomes are accounted for on an accrual basis in the profit or loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not received in the period in which they arise.

Loans Payable

Intercompany loans are recorded at the proceeds received. Finance charges, including premium payable on settlement are accounted for on an accrual basis in the profit or loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Impairment

The company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

Notes to the Financial Statements - continued for the year ended 31 December 2017

1. ACCOUNTING POLICIES - continued

Impairment - continued

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2. STAFF COSTS

The company has no employees and hence there were no staff or staff costs for the year ended 31 December 2017 (31 December 2016: £nil).

3. OPERATING RESULT

The Directors received no salary, fees or other benefits from the company in the performance of their duties in respect of their services to the company for the year ended 31 December 2017 (2016: £nil).

Fees payable to the company's auditors for the audit of the company's annual accounts amount to £2,100 (2016: £1,200).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Bank deposit account interest	142	23,765
Interest on subordinated loans	<u>61,120,794</u>	<u>49,834,007</u>
	<u>61,120,936</u>	<u>49,857,772</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Group Interest	<u>83,241,111</u>	<u>60,522,320</u>
	<u>83,241,111</u>	<u>60,522,320</u>

**Notes to the Financial Statements - continued
for the year ended 31 December 2017**

6. TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year is as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax on results of the year		
Group relief recoverable	<u>(667,767)</u>	<u>(1,498,583)</u>
Tax on loss on ordinary activities	<u>(667,767)</u>	<u>(1,498,583)</u>

Factors affecting the tax credit

The tax assessed for the years ended 31 December 2017 and 31 December 2016 is different to the standard rate of corporation tax in the UK of 19.25 % (2016: 20%). The differences are explained below.

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(21,921,778)</u>	<u>(9,284,886)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	(4,219,942)	(1,856,977)
Effects of:		
Expenses not deductible for tax purposes	3,535,647	358,394
Prior year adjustment	<u>16,528</u>	<u>-</u>
Current tax credit	<u>(667,767)</u>	<u>(1,498,583)</u>

Factors that may affect future tax charges

The UK corporation tax rate has reduced to 19% from April 2017 and will reduce further to 17% from 01 April 2020. As at the balance sheet date, these future tax rate reductions had been substantively enacted, and hence in accordance with accounting standards, this has been reflected in the company's financial statements at 31 December 2017. The rate changes will impact the amount of future tax payments to be made by the company.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

7. FIXED ASSET INVESTMENTS

	Interest in subsidiary undertakings	Total
	£	£
Net Book Value at 1 January 2017	244,813,344	244,813,344
Additions	<u>265,857,521</u>	<u>265,857,521</u>
Net Book Value at 31 December 2017	<u>510,670,865</u>	<u>510,670,865</u>

A list of significant investments in subsidiary undertakings and participating interests, including name, country of incorporation, and proportion of ownership interest, is noted below;

	Country of incorporation	Nature of business	Date acquired
IPP Investments Limited Partnership	UK	Holding	30 June 2011

IPP Bond Limited being the general partner of IPP Investments Limited Partnership has contributed capital to the partnership in accordance with the deed of limited partnership. All income, losses and profits of the Partnership shall be allocated and distributed between the Partners as the General Partner may determine. The limited partner in the arrangement is IPP Investments UK Limited, which is part of the International Public Partnerships Limited Group. Additions during the current year relate to capital provided to IPP Investments Limited Partnership for investment into the Thames Tideway Tunnel and Cadent projects.

8. DEBTORS

	2017 £	2016 £
Amounts falling due within one year:		
Amounts owed by group undertakings	32,015,278	32,545,596
Amounts owed by other debtors	<u>528,837</u>	<u>698,546</u>
	<u>32,544,115</u>	<u>33,244,142</u>

Amounts owed by group undertakings falling due within one year comprise both non-interest bearing loans which are repayable on demand and interest bearing loans.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

8. DEBTORS (continued)

	2017 £	2016 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	863,105,010	773,652,717
Amounts owed by other debtors	<u>14,038,603</u>	<u>14,429,899</u>
	<u>877,143,613</u>	<u>788,082,616</u>
 Aggregate amounts	 <u>909,685,720</u>	 <u>821,326,758</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Amounts owed to group undertakings	21,994,204	25,403,814
Accrued expenses	<u>8,711</u>	<u>8,177</u>
	<u>22,002,915</u>	<u>25,411,991</u>

Amounts owed to group undertakings includes both non-interest bearing loans which are repayable on demand and accrued interest payable on listed Eurobonds issued by the company.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Amounts owed to group undertakings	<u>1,398,525,520</u>	<u>1,025,073,814</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
10,005	Ordinary	£1	<u>10,005</u>	<u>10,005</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2017

12. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 January 2017	(40,005,334)	65,128,671	25,123,337
Loss for the year	<u>(21,254,011)</u>	<u>-</u>	<u>(21,254,011)</u>
At 31 December 2017	<u>(61,259,345)</u>	<u>65,128,671</u>	<u>3,869,326</u>

13. ULTIMATE PARENT UNDERTAKING

The directors regard IPP Holdings 1 Limited, a company incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited, a company registered in Guernsey, as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership (the smallest and largest group of which the company is a member and for which group financial statements are prepared) can be obtained from the registered address 3 More London Riverside, London, SE1 2AQ.

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2017 £	2016 £
Loss for the financial year	<u>(21,254,011)</u>	<u>(7,786,303)</u>
Net reduction to shareholders' funds	(21,254,011)	(7,786,303)
Opening shareholders' funds	<u>25,133,342</u>	<u>32,919,645</u>
Closing shareholders' funds	<u>3,879,331</u>	<u>25,133,342</u>