

COMPANY REGISTRATION NUMBER: 06590759

BIIF Issuerco Limited
Annual Report and Financial Statements
31 December 2018

BIIF Issuerco Limited

Annual Report and Financial Statements

Year Ended 31 December 2018

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BIIF Issuerco Limited

Officers and Professional Advisers

The Board of Directors

Nigel Middleton (Resigned 21 March 2018)
James Dawes (Appointed 21 March 2018)
John Cavill

Company Secretary

Infrastructure Managers Limited

Registered Office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

Barclays Bank plc
155 Bishopsgate
London
EC2M 3XA

Solicitors

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

BIIF Issuerco Limited

Strategic Report

Year Ended 31 December 2018

The directors present their strategic report on BIIF Issuerco Limited ("the Company") for the year ended 31 December 2018.

Principal Objectives and Strategies

The principal objectives of the Company are to operate as a holding company for its investments and to provide funding for the Group.

Review of the Business

The Company has performed in line with directors' expectations and model forecasts with the results for the year detailed in the Directors' Report.

Future Developments

The directors intend for the Company to continue to hold its interests in the investments.

Key Performance Indicators

The cash performance of the Company's investments is assessed six monthly on a Group basis by testing the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Company's investments have been performing well and have been compliant with the covenants laid out in the Group loan agreement.

Other than the above, the directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the Company.

Going Concern

The directors acknowledge that the Company is in net liabilities. The financial statements have been prepared on a going concern basis following a review of the company's forecast cash flows to be received from its investments and its ability to meet its debts as they fall due. Following a Deed of Amendment on 20 December 2018, the Eurobond, which was previously due for repayment on 9 January 2019, now falls due on 31 December 2045. This has alleviated the immediate liquidity risk.

Principal Risks and Uncertainties

Risk of underlying asset not performing

To manage this risk the key performance indicators of all the Company's investments are regularly monitored.

This report was approved by the board of directors on 28/6/19 and signed on behalf of the board by:



James Dawes
Director

BIIF Issuerco Limited

Directors' Report

Year Ended 31 December 2018

The directors present their report and the audited Annual Report and Financial Statements of the Company for the year ended 31 December 2018.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

Nigel Middleton
James Dawes
John Cavill

Performance Review

The loss for the year, after taxation, amounted to £(24,690,700) (2017: Loss £(2,373,710)).

The loss for the year will be transferred to reserves.

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Third Party 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.

Disclosure of Information to Auditors

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 auditors are 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 auditors are aware of that information.

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

This report was approved by the board of directors on 28/6/19 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

BIIF Issuerco Limited

Directors' Responsibilities Statement

Year Ended 31 December 2018

The directors are responsible for preparing the Strategic Report, Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and 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 Annual Report and 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.

BIIF Issuerco Limited

Independent Auditors' Report to the Members of BIIF Issuerco Limited

Year Ended 31 December 2018

Report on the Audit of the Financial Statements

Opinion

In our opinion, BIIF Issuerco Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

BIIF Issuerco Limited

Independent Auditors' Report to the Members of BIIF Issuerco Limited *(continued)* **Year Ended 31 December 2018**

Our Audit Approach

Overview

Materiality

Overall materiality £6.388 million (2017: £6.486 million), based on 1% of total assets.

Audit scope

The Company's financial statements comprise just one component which was subject to a full scope audit.

Key audit matters

Carrying value of investments.

The Scope of Our Audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key Audit Matter - Carrying Value of Investments

Disclosure note 10 (£260,143,030)

The Company acts as a holding company for a portfolio of PFI investments. These investments are carried at cost. There is an inherent risk in such an entity that the carrying value of the investments could be impaired.

The Company's investment is in the share capital of two immediate subsidiaries, which each hold a portfolio of further holding companies and PFI project companies.

As at 31 December 2018, the directors assessed the carrying value of the investments held by the Company.

The directors designated a Valuations Committee to oversee the preparation of a discounted cash flow model, based upon forecast PFI project performance, to calculate the net present value ("NPV") of the investment portfolio. They compared this NPV to the carrying value of the investments in the

BIIF Issuerco Limited

Independent Auditors' Report to the Members of BIIF Issuerco Limited *(continued)*

Year Ended 31 December 2018

financial statements. The directors' assessment shows that there is significant headroom on the carrying value and therefore no indication of any impairment.

This assessment, by its nature, requires the use of judgements and estimates, and as a result was an area of focus for us in our audit.

How our audit addressed the key audit matter

We considered the process undertaken by the directors in concluding on the NPV of the portfolio, including the expertise of the members of the Valuation Committee and the approval process of the key assumptions and conclusions.

We obtained the discounted cash flow model used by the directors to calculate the NPV of the investment portfolio. Our procedures over this model were as follows:

- We compared the underlying forecast cash flows, for a sample of investments, to the individual project models.
- We performed testing on a sample of the project models, including look-back tests to assess the models' historical forecasting accuracy.
- For each of the key assumptions applied in the calculation of the discounted cash flows, including inflation rates and discount rates, we compared to market expectations and independent sources.
- We tested the mathematical and formulaic accuracy of the NPV calculation.
- We used our knowledge of the underlying portfolio of investments to ensure that any specific issues or challenges on individual projects had been appropriately factored into the models for those specific projects.

Our procedures did not identify any impairment.

How We Tailored the Audit Scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

In scoping our work, we also considered the operations of the Company and its activities as a component of the BIIF Holdco Limited group.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality

£6.388 million (2017: £6.486 million).

How we determined it

1% of total assets.

Rationale for benchmark applied

BIIF Issuerco Limited

Independent Auditors' Report to the Members of BIIF Issuerco Limited *(continued)*

Year Ended 31 December 2018

The principal operations of the Company are to operate as a holding company and to provide funding for its investments. We believe therefore that total assets is the primary measure used by the shareholders in assessing the performance and financial position of the entity, and is a generally accepted auditing benchmark.

We agreed with the Board that we would report to them misstatements identified during our audit above £319,411 (2017: £324,302) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions Relating to Going Concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, suppliers and the wider economy.

BIIF Issuerco Limited

Independent Auditors' Report to the Members of BIIF Issuerco Limited *(continued)*

Year Ended 31 December 2018

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

BIIF Issuerco Limited

Independent Auditors' Report to the Members of BIIF Issuerco Limited *(continued)*

Year Ended 31 December 2018

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

Use of This Report

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.

Other Required Reporting

Companies Act 2006 Exception Reporting

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

28/6/19

BIIF Issuerco Limited

Statement of Comprehensive Income

Year Ended 31 December 2018

	Note	2018 £	2017 £
Gain on disposal of fixed asset investment	6	–	18,454,829
Other interest receivable and similar income	7	29,241,319	29,541,846
Interest payable and similar expenses	8	(50,779,486)	(52,862,541)
Loss before taxation		(21,538,167)	(4,865,866)
Tax on loss	9	(3,152,533)	2,492,156
Loss for the financial year and total comprehensive expense		(24,690,700)	(2,373,710)

All the activities of the Company are from continuing operations.

The notes on pages 14 to 27 form part of the Annual Report and Financial Statements.

BIIF Issuerco Limited

Statement of Financial Position

As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	10	260,143,030	260,143,030
Current assets			
Debtors: amounts falling due within one year	11	34,312,058	44,090,782
Debtors: amounts falling due after more than one year	11	338,963,288	344,369,144
		<u>373,275,346</u>	<u>388,459,926</u>
Creditors: Amounts falling due within one year	12	(101,852,749)	(92,346,629)
Net current assets		<u>271,422,597</u>	<u>296,113,297</u>
Total assets less current liabilities		<u>531,565,627</u>	<u>556,256,327</u>
Creditors: Amounts falling due after more than one year	13	(589,942,192)	(589,942,192)
Net liabilities		<u>(58,376,565)</u>	<u>(33,685,865)</u>
Capital and reserves			
Called up share capital	14	1	1
Retained earnings	15	(58,376,566)	(33,685,866)
Total shareholders' deficit		<u>(58,376,565)</u>	<u>(33,685,865)</u>

The Annual Report and Financial Statements were approved by the board of directors and authorised for issue on 28/6/19, and are signed on behalf of the board by:



James Dawes
Director

Company registration number: 06590759

The notes on pages 14 to 27 form part of the Annual Report and Financial Statements.

BIIF Issuerco Limited
Statement of Changes in Equity
Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total £
At 1 January 2017	1	(31,312,156)	(31,312,155)
Loss for the financial year		(2,373,710)	(2,373,710)
Total comprehensive expense for the year	—	(2,373,710)	(2,373,710)
At 31 December 2017	1	(33,685,866)	(33,685,865)
Loss for the financial year		(24,690,700)	(24,690,700)
Total comprehensive expense for the year	—	(24,690,700)	(24,690,700)
At 31 December 2018	1	(58,376,566)	(58,376,565)

The notes on pages 14 to 27 form part of the Annual Report and Financial Statements.

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2018

1. General Information

BIIF Issuerco Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The principal activity of the Company during the year was as an investment holding company.

The Company's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of BIIF Issuerco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Going concern

The directors acknowledge that the Company is in net liabilities. The financial statements have been prepared on a going concern basis following a review of the company's forecast cash flows to be received from its investments and its ability to meet its debts as they fall due. Following a Deed of Amendment on 20 December 2018, the Eurobond, which was previously due for repayment on 9 January 2019, now falls due on 31 December 2045. This has alleviated the immediate liquidity risk.

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of BIIF Holdco Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the Company.

(b) Disclosures in respect of financial instruments have not been presented.

The Company is wholly owned by BIIF Holdco Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

(d) Consolidation

The Company is a wholly-owned subsidiary of BIIF Holdco Limited, a company incorporated in the EEA. In accordance with Section 400 of the Companies Act 2006, the Company is not required to produce, and has not published, consolidated accounts.

(e) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

(f) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(g) Investments

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

Investments include a provision for any diminution in value.

(h) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

Impairment of fixed assets *(continued)*

4. Auditors' Remuneration

The audit fee of £8,557 (2017: £8,308) was borne by a related entity.

5. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2017: nil). The directors did not receive any remuneration from the Company during the year (2017: £nil).

6. Gain on Disposal of Fixed Asset Investment

	2018	2017
	£	£
Gain on disposal of shares in group	—	18,454,829

On 1 September 2017, as part of a group restructuring, the Company sold its entire shareholdings in BIIF Holdco II Limited at a fair value of £38,078,000 to another company within the group.

7. Other Interest Receivable and Similar Income

	2018	2017
	£	£
Interest from Group undertakings	29,241,319	29,541,846

8. Interest Payable and Similar Expenses

	2018	2017
	£	£
Interest due to Group undertakings	3,584,111	3,542,766
Interest on other loans	47,195,375	49,319,775
	<u>50,779,486</u>	<u>52,862,541</u>

9. Tax on Loss

Major components of tax expense/(income)

	2018	2017
	£	£
Current tax:		
UK current tax income	(2,250,097)	(2,450,367)
Adjustments in respect of prior periods	5,402,630	(41,789)
Total current tax	<u>3,152,533</u>	<u>(2,492,156)</u>
Tax on loss	<u>3,152,533</u>	<u>(2,492,156)</u>

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

9. Tax on Loss *(continued)*

The Company's tax losses as at 31 December 2018 amounted to £516,850 (2017: £516,850). The resultant deferred tax asset of £87,865 (2017: £87,865) has not been recognised due to uncertainties as to the extent and timing of its future recovery.

Reconciliation of tax expense/(income)

The tax assessed on the loss for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
Loss before taxation	(21,538,167)	(4,865,866)
Loss by rate of tax	(4,092,252)	(936,513)
Adjustment to tax charge in respect of prior periods	5,402,630	(41,789)
Income not taxable	–	(3,551,922)
Transfer pricing adjustment	1,842,155	2,038,068
Total tax charge/(credit)	3,152,533	(2,492,156)

10. Investments

	Shares in Group undertakings £
Cost	
At 1 January 2018 and 31 December 2018	260,143,030
Impairment	
At 1 January 2018 and 31 December 2018	–
Carrying amount	
At 31 December 2018	260,143,030
At 31 December 2017	260,143,030

Investments in Group undertakings are stated at cost and are listed in notes 18 and 19.

11. Debtors

Debtors amounts falling due within one year are as follows:

	2018 £	2017 £
Amounts owed by Group undertakings	34,312,057	44,090,781
Called up share capital not paid	1	1
	34,312,058	44,090,782

Debtors amounts falling due after more than one year are as follows:

	2018 £	2017 £
Amounts owed by Group undertakings	338,963,288	344,369,144

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

11. Debtors *(continued)*

Amounts owed by Group undertakings consist of £4,066,090 (2017: £7,218,623) Group tax relief, accrued interest of £7,336,159 (2017: £13,962,349), which are both repayable on demand, and £22,909,808 (2017: £22,909,808) intercompany balance which bears interest at 8% and is repayable on demand.

The terms and interest rate applied to amounts owed by Group undertakings in more than one year, mirror the terms of the agreement on the Eurobond. Following a Deed of Amendment on 20 Dec 2018 to the Eurobond, these amounts now fall due for repayment on 31 December 2045, and bear interest at 8%.

12. Creditors: Amounts Falling due Within One Year

	2018	2017
	£	£
Amounts owed to Group undertakings	58,200,694	54,616,583
Accruals and deferred income	43,652,055	37,730,046
	<u>101,852,749</u>	<u>92,346,629</u>

The amounts owed to Group undertakings consist of an intercompany balance of £44,801,384 (2017: £44,801,384) which bears interest at 8% and accrued interest of £13,399,310 (2017: £9,815,199). Both balances are repayable on demand.

13. Creditors: Amounts Falling due after More than One Year

	2018	2017
	£	£
Eurobond	589,942,192	589,942,192

During the year the Company entered into a Deed of Amendment to extend the redemption date on the Eurobond. The Eurobond is listed on the Channel Islands Securities Exchange. It is due for repayment on 31 December 2045 and bears interest at 8%.

14. Called Up Share Capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

15. Reserves

Retained earnings - This reserve records retained earnings and accumulated losses.

16. Related Party Transactions

The Company is wholly owned by BIIF Holdco Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a Group.

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

17. Controlling Party

The immediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

18. Investments in Subsidiaries

The companies listed below are wholly owned subsidiaries of the Company and all investments are in ordinary shares:

Registered Office - Cannon Place, 78 Cannon Street, London, EC4N 6AF

A-Roads Investments Limited
Adams Campus Limited
AM Holdco Limited
Anavon Holdings Limited
Anavon Limited
BIIF Holdco III Limited
Black Hill Topco Limited
Black Hill Holdings Limited
Black Hill Wind Farm Limited
Blackshaw Healthcare Services Holdings Limited
Blackshaw Healthcare Services Limited
CH Bolton Limited
CH Bolton (Holdings) Limited
Cricketdrift Limited
Defence Management Group (Holdings) Limited
Defence Management (Holdings) Limited
Defence Management (Watchfield) Limited
Duchesspark Holdings Limited
Duchesspark Limited
Durham Investments Holdco Limited
Eastbrook Facilities Holdings 2 Limited
Eastbrook Facilities Holdings Limited
Eastbrook Facilities Limited
Elbon Holdings (1) Limited
Elbon Holdings (2) Limited
Elbon Holdings (3) Limited
Elbon PFI Fund (Investments) Limited
ERI Holdings Limited
Grannag Limited
GH Bodmin Holdings Limited
GH Bodmin Limited
GH Bury Holdings Limited
GH Bury Limited
GH Newham Holdings Limited
GH Newham Limited
HSC Investments Limited
HpC King's College Hospital (Holdings) Limited
HpC King's College Hospital (Issuer) plc
HpC King's College Hospital Limited
I2 Bidco Limited
I2 Holdco 2 Limited
I2 Holdco Limited
Infrastructure Investors Limited
International Water (Highland) Limited
International Water (Tay) Limited
Investment Holdings (Genistics) Limited
IWL Moray Montrose Limited
IWUUHH Limited
Kilmarnock PFI Holdings Limited
Kilmarnock Prison Services Limited
Kinnoull House Holdings Limited

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

Kintra Limited
Lantern dew Limited
Lowdham Grange Prison Services Limited
Luton Health facilities (Holdings) Limited
Luton Health Facilities Limited
M1-A1 Investments Limited
M1-A1 Yorkshire Limited
Machrie Burn Limited
Machrie Limited
Matrix FPMS Holdings Limited
Matrix FPMS Limited
Matrix PFI Developments Limited
Matrix PFI GP Limited
Matrix PFI Holdings Limited
Matrix Premier Holdings Limited
Moreton Prison Services Limited
Newmount Holdings Limited
Newmount Limited
Newschools (Penweddig) Holdings Limited
Newschools (Penweddig) Limited
Normanby Healthcare Group Holdings Limited
Normanby Healthcare (Holdings) Limited
Normanby Healthcare (Projects) Limited
Nuffield Albion Healthcare Limited
NVSH TopCo Limited
PFI Infrastructure Finance Limited
PFI Senior Funding Limited
PIF Vulcans Lane Limited
PIF West Cumbria Limited
Premier Custodial Finance Limited
Premier Custodial Investments Limited
Premier Custodial Sub-debt Limited
Pucklechurch Custodial Services Limited
Reno Water Highland Limited
Reno Water (Moray) Limited
Reno Water (Tay) Limited
Robertson Education (Aberdeenshire) Group Holdings Limited
Robertson Education (Ingleby Barwick) Group Holdings Limited
Robertson Education (Ingleby Barwick) Holdings Limited
Robertson Education (Ingleby Barwick) Limited
Robertson Health (Chester le Street) Group Holdings Limited
Robertson Health (Chester le Street) Holdings Limited
Robertson Health (Chester le Street) Limited
SD Marine Services (Holdings) Limited
SD Marine Services Limited
TBEP Investments Limited
Tiverton Healthcare Facilities (Holdings) Limited
Tiverton Healthcare Facilities Limited
VLE Holdings Limited
Vulcans Lane Estates Limited
Wansbeck Healthcare Facilities (Holdings) Limited
Wansbeck Healthcare Facilities Limited
WCEM Holdings Limited

Registered Office - 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF

ABC Schools (Holdings) Limited

ABC Schools Limited

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements (continued)

Year Ended 31 December 2018

Alpha Schools (West Lothian) Holdings Limited
Alpha Schools (West Lothian) Limited
Bannockburn Group Limited
Bannockburn Holdings Limited
Bannockburn Homes Limited
Covesea Holdings Limited
Dumfries Facilities (Holdings) Limited
Dumfries Facilities Limited
Elgin Water Limited
Forfar Healthcare (Holdings) Limited
Forfar Healthcare Limited
Infrastructure Managers Limited
Innovate East Lothian (Holdings) Limited
Innovate East Lothian Limited
International Water UU (Highland) Limited
KE Project Limited
Kinnoull House Limited
LH Project Limited
Midlothian Schools (Debtco) Limited
Midlothian Schools (Holdings) Limited
Midlothian Schools Limited
Morris Eddie Limited
NVSH Holdco Limited
Robertson Education (Aberdeenshire) Holdings Limited
Robertson Education (Aberdeenshire) Limited
Salisbury Healthcare Facilities (Holdings) Limited
Salisbury Healthcare Facilities Limited
West Cumbria Estates Management Limited
West Lothian Education Limited

Registered Office - 4/7 Esplanade, St Helier, Jersey, JE1 0DE
BIIF Offshore Windkraft Holdings Limited

Registered Office - St James Chambers, Athol Street, Douglas, Isle Of Man, IM1 1JE
PFI Infrastructure Company plc

The companies listed below are subsidiaries of the Company but are not wholly owned :-

	Investment Holding %
<i>Registered Office - 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF</i>	
Catchment Highland Holdings Limited	85
Catchment Highland Limited	85
Catchment Limited	85
Catchment Moray Holdings Limited	85
Catchment Moray Limited	85
Catchment Tay Holdings Limited	51
Catchment Tay Limited	85
Covesea Limited	54
Lochgilphead Healthcare Services (Holdings) Limited	54
Lochgilphead Healthcare Services Limited	54
<i>Registered Office - 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX</i>	
Connect A50 Limited	25
Connect Roads Limited	25

Blif Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

Registered Office - 33 Wigmore Street London, W1U 1QX

Alert Communications Group Holdings Limited 80

Alert Communications (2006) Limited 80

Alert Communications Limited 80

Registered Office - Arnolds Cottage, Eddy Green Road, Lytchett Matravers, Poole, Dorset, BH16 6HL

Alert Communications (Holdings) Limited 80

The above is a complete list of the Company's subsidiary undertakings. The directors consider that to give full particulars of all subsidiaries would lead to a statement of excessive length.

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

19. Investment in Associates and Joint Ventures

	Investment Holding %
All investments held are ordinary shares: -	
<i>Registered Office - 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB</i>	
Calderdale Hospital SPC Holdings Limited	20
Calderdale Hospital SPC Limited	20
Worcester Hospital SPC Holdings Limited	17
Worcester Hospital SPC plc	17
<i>Registered Office - Cannon Place, 78 Cannon Street, London, EC4N 6AF</i>	
The Education Support Company (Leeds) Limited	50
The Education Support Company Holdings (Leeds) Limited	50
Modern Courts (Humberside) Limited	50
Modern Courts Holdings (Humberside) Limited	50
Modern Courts (East Anglia) Limited	50
Modern Courts Holdings (East Anglia) Limited	50
Consort Healthcare (Durham) Limited	50
Consort Healthcare (Durham) Holdings Limited	50
Key Health Services (Addenbrookes) Limited	50
Key Health Services Holdings (Addenbrookes) Limited	50
Sheppey Route Limited	50
Sheppey Route (Holdings) Limited	50
Hounslow Highways Services Limited	50
Hounslow Highways Investment Limited	50
Hounslow Highways Investment 2 Limited	50
Manchester Schools Services Limited	25
Manchester School Services Holdings Limited	50
Road Management Services (Peterborough) Limited	42
Road Management Services (Gloucester) Limited	42
Road Management Limited	42
Road Management Group Limited	42
Road Management Consolidated Plc	42
Blue Transmission Walney 1 Limited	50
Blue Transmission Walney 1 (Holdings) Limited	50
Blue Transmission Walney 2 Limited	50
Blue Transmission Walney 2 (Holdings) Limited	50
Blue Transmission London Array Limited	50
Blue Transmission Sheringham Shoal Limited	50
Blue Transmission Sheringham Shoal (Holdings) Limited	50
Blue Transmission London Array (Holdings) Limited	50
Schools Capital Limited	49
<i>Registered Office - 11 Thistle Street, Edinburgh, EH21DF</i>	
Summit Healthcare (Wishaw) Limited	60
Summit Holdings (Wishaw) Limited	60
Summit Finance (Wishaw) plc	60
PPP Services (North Ayrshire) Holdings Limited	30
PPP Services (North Ayrshire) Limited	30
FCC (East Ayrshire) Holdings Limited	20
FCC (East Ayrshire) Limited	20
Stobhill Healthcare Facilities (Holdings) Limited	60
Stobhill Healthcare Facilities Limited	60

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

Emblem Schools (Holdings) Limited	30
Emblem Schools Limited	30
ESP (Holdings) Limited	17
The Edinburgh Schools Partnership Limited	17
Consort Healthcare (Edinburgh Royal Infirmary) Finance Limited	50
Consort Healthcare (Edinburgh Royal Infirmary) Limited	50
Consort Healthcare (Edinburgh Royal Infirmary) Holdings Limited	50
Consort Healthcare (Edinburgh Royal Infirmary) Investments Limited	50
Glasgow Healthcare Facilities Limited	50
Glasgow Healthcare Facilities (Holdings) Limited	50
<i>Registered Office - Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP</i>	
Stirling Gateway Limited	50
Stirling Gateway HC Limited	50
<i>Registered Office - Geneva Way, Leads Road, Hull, North Humberside, HU7 0DG</i>	
Sewell Education (York) Limited	50
Sewell Education (York) Holdings Limited	50
<i>Registered Office - Westwood Way, Westwood Business Park, Coventry, CV4 8LG</i>	
Lighting for Staffordshire Limited	40
Lighting For Staffordshire Holdings Limited	40
<i>Registered Office - Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ</i>	
Albion Healthcare (Oxford) Limited	25
Albion Healthcare (Oxford) Holdings Limited	25
<i>Registered Office - Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL</i>	
Fasttrax Limited	50
Fasttrax Holdings Limited	50
<i>Registered Office - Victoria House, 1st Floor, 101 Victoria Road, Chelmsford, Essex, CM1 1JR</i>	
Salford Schools Solutions Limited	25
Salford Schools Solutions Holdco Limited	25
<i>Registered Office - 6th Floor, 350 Euston Road, Regent's Place, London, NW1 3AX</i>	
Connect A30/35 Limited	15
Connect A30/A35 Holdings Limited	15
Connect M77 / GSO plc	15
Connect M1-A1 Limited	50
Connect M1-A1 Holdings Limited	50
<i>Registered Office - First Floor Return, 25 Merrion Square, Dublin 2</i>	
CSM PPP Services Limited	25
CSM PPP Services (Holdings) Limited	25
<i>Registered Office - c/o Cleaver Fulton Rankin, 50 Bedford Street, Belfast, BT2 7FW</i>	
Bangor and Nendrum Schools Services Limited	20
Bangor and Nendrum Schools Services Holdings Limited	20
<i>Registered Office - Third Floor, Broad Quay House, Price Street, Bristol, BS1 4DJ</i>	
Road Management Services (Darrington) Limited	25
Road Management (Services Darrington) Holdings Limited	25
Road Management Services (Finance) plc	25
<i>Registered Office - 47 Esplanade, St Helier, Jersey, JE1 0BD</i>	
Blue Transmission Walney 2 Investments Limited	50

BIIF Issuerco Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year Ended 31 December 2018

Blue Transmission Sheringham Shoal Investments Limited	50
<i>Registered Office - 73 Norman Road, Greenwich, London SE10 9qf</i>	
City Greenwich Lewisham Rail Link plc	40
<i>Registered Office - Rolls Royce Plc, PO BOX 31, Moor Lane, Deby, Derbyshire, DE24 8BJ</i>	
Genistics Limited	50
Genistics Holdings Limited	50
The above is a complete list of the Company's related undertakings.	