

Investors in Infrastructure Limited

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

REGISTERED NUMBER· 2052321



**Investors in Infrastructure Limited (Registered number 2052321)**  
**Directors' Report and Financial Statements**  
**For the year ended 31 December 2012**

**INDEX**

|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Directors' report                 | 1           |
| Independent auditors' report      | 4           |
| Income statement                  | 5           |
| Statement of comprehensive income | 6           |
| Balance sheet                     | 7           |
| Statement of changes in equity    | 8           |
| Cash flow statement               | 9           |
| Notes to the financial statements | 10          |

**Investors in Infrastructure Limited (Registered number 2052321)**  
**Directors' report**  
**For the year ended 31 December 2012**

The Directors present their annual report together with the audited financial statements of Investors in Infrastructure Limited (the 'Company') for the year ended 31 December 2012

**Business review and principal activities**

The principal activity of the Company is to act as a limited partner investor in the Barclays European Infrastructure (UPE) Fund, Barclays European Infrastructure Fund II, The Alma Mater Fund, Barclays Integrated Infrastructure Fund, Barclays Investors in Infrastructure II LP, BEIF Management LP, Barclays Alma Mater Management LP, Barclays Infrastructure Investors Management LP, Barclays Investors in Infrastructure LP and BEIF Management II LP, (the "Funds") which are investment funds established to invest in Private Public Partnerships (PPP), Private Finance Initiative (PFI) projects and others infrastructure related projects exhibiting similar characteristics in the UK and in Europe

The Directors consider the development of the business during the year and the position at the end of it to be satisfactory. The Directors expect this to continue

The results of the Company show a pre tax loss of £4,493,514 (2011 profit £7,182,134) for the year and revenue of £7,079,412 (2011 £8,454,497). Net cash flow from operating activities for 2012 was an outflow of £2,553,492 (2011 outflow £3,341,145). The Company has net assets of £28,898,117 (2011 £52,067,158). The Directors paid a dividend of £26,780,000 (2011 £95,900,000) during the year

**Business environment**

Investment in infrastructure projects is becoming much more competitive, particularly in the United Kingdom, where the industry is relatively mature and primary deal flow has reduced. Investment opportunities are however continuing to arise, both in continental Europe, in the secondary market, and in new sectors such as renewable energy generation and consumption

The Barclays Infrastructure Funds business was one of the first to manage funds in this sector and therefore benefits from a strong reputation in this area

**Strategy**

The Company focuses principally on investing in partnerships which invest in projects which are sponsored by governments in the United Kingdom and the Eurozone countries under the Private Finance Initiative (PFI), Public Private Partnership (PPP), or similar programmes

**Future outlook**

The desire of Governments to promote infrastructure projects with the private sector in the future is still strong. The development of a market in Government backed infrastructure projects that have completed their construction has presented further opportunities which the Company will focus on

The performance of operating Private Finance Initiative ("PFI") and Public Private Partnership ("PPP") projects is generally not affected by the current problems in the global debt market as these projects generally benefit from revenue streams that are not impaired by market movements and have previously agreed long term debt structures. As such we believe these businesses will continue to perform satisfactorily in the current environment

**Principal risks and uncertainties**

Operational PFI and PPP infrastructure projects benefit from the presence of a strong covenant, frequently through a contractual relationship with a government body to support the revenue. This protects the project from highly volatile market conditions. The Company believes the experience of the Manager of the Funds in this market, together with its rigorous investment selection process, leaves it well placed to manage risk in each transaction

**Investors in Infrastructure Limited (Registered number 2502321)**  
**Directors' report**  
**For the year ended 31 December 2012**

**Key performance indicators**

For infrastructure investments the performance of each investment is regularly and frequently monitored. Measurement includes progress of construction against recognised milestones, operation of the asset against the performance specification of the client, and profit and cash flow forecasts. The management information to monitor performance is prepared at an overall Barclays Infrastructure Funds business level rather than at a company level. Therefore, the Directors believe that analysis using key performance indicators is not appropriate to understand the development, performance and position of the business.

**Directors**

The Directors of the Company who were in office during the year and up to date of the financial statements were

C J Elliott  
A Matthews  
R S McClatchey (resigned 01 March 2013)  
AW Linford (resigned 15 March 2012)

Since the year end R McClatchey resigned as a director on 1 March 2013

**Statement of Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**Financial instruments**

Barclays financial risk management objectives and policies, which are followed by the Company, and the exposure to credit risk, liquidity risk and market risk are set out in the note 'Financial Risks' on pages 20 to 24.

**Investors in Infrastructure Limited (Registered number 2052321)**  
**Directors' report**  
**For the year ended 31 December 2012**

**Directors' third party indemnity provisions**

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2012 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may occur (or have occurred) in connection with their duties, powers or office

**Independent auditors**

PricewaterhouseCoopers LLP will continue to hold office in accordance with section 487 of the Companies Act 2006

**Statement of disclosure of information to auditors**

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

BY ORDER OF THE BOARD



A Matthews  
Director  
28 June 2013

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Independent auditors' report**  
**For the year ended 31 December 2012**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTORS IN INFRASTRUCTURE LIMITED**

We have audited the financial statements of Investors in Infrastructure Limited for the year ended 31 December 2012 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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.

**Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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



Paul Koziarski  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 June 2013

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Income statement**  
**For the year ended 31 December 2012**

|                                      | Notes | 2012<br>£'000  | 2011<br>£'000 |
|--------------------------------------|-------|----------------|---------------|
| <b>Continuing operations:</b>        |       |                |               |
| Revenue                              | 4     | 7,079          | 8,454         |
| Direct expenses                      | 6     | (390)          | (1,031)       |
| <b>Gross profit</b>                  |       | <b>6,689</b>   | <b>7,423</b>  |
| Administrative expenses              |       | (13)           | 59            |
| Other expenses                       | 6     | (9,159)        | -             |
| <b>Operating profit</b>              |       | <b>(2,483)</b> | <b>7,483</b>  |
| Interest income and similar income   | 5     | 4              | 1,740         |
| Interest expense and similar expense | 5     | (2,015)        | (2,040)       |
| <b>(Loss)/Profit before tax</b>      |       | <b>(4,494)</b> | <b>7,182</b>  |
| Tax                                  | 8     | 4,851          | (1,016)       |
| <b>Profit after tax</b>              |       | <b>357</b>     | <b>6,166</b>  |

The accompanying notes form an integral part of the financial statements

Investors in Infrastructure Limited (Registered number: 2502321)  
Statement of Comprehensive Income  
For the year ended 31 December 2012

|                                                                                 | Notes | 2012<br>£'000 | 2011<br>£'000 |
|---------------------------------------------------------------------------------|-------|---------------|---------------|
| Profit after tax                                                                |       | 357           | 6,166         |
| Other comprehensive income.                                                     |       |               |               |
| Fair value gains/(losses) on available for sale assets                          | 10    | 3,549         | (8,236)       |
| Net (gains)/losses on available for sale assets reclassified to profit and loss | 10    | (16)          | 1,272         |
| Deferred tax relating to components of other comprehensive income               | 15    | (279)         | 1,254         |
| Other comprehensive income/(loss) for the year net of tax                       |       | 3,254         | (5,710)       |
| Total comprehensive income for the year                                         |       | 3,611         | 456           |

The accompanying notes form an integral part of the financial statements

Investors in Infrastructure Limited (Registered number. 2052321)  
Balance sheet  
As at 31 December 2012

|                                              | Notes | 2012<br>£'000   | 2011<br>£'000   |
|----------------------------------------------|-------|-----------------|-----------------|
| <b>ASSETS</b>                                |       |                 |                 |
| <b>Non-current assets</b>                    |       |                 |                 |
| Investments in associates and joint ventures | 9     | 34,943          | 29,566          |
| Financial assets                             |       |                 |                 |
| - available for sale                         | 10    | 86,695          | 89,075          |
| <b>Total non-current assets</b>              |       | <b>121,638</b>  | <b>118,641</b>  |
| <b>Current assets</b>                        |       |                 |                 |
| Financial assets                             |       |                 |                 |
| - loans and other receivables                | 11    | 4,167           | 8,052           |
| Current tax assets                           | 14    | 6,368           | 748             |
| Cash and cash equivalents                    | 21    | 5,861           | 450             |
| <b>Total current assets</b>                  |       | <b>16,396</b>   | <b>9,251</b>    |
| <b>Total assets</b>                          |       | <b>138,034</b>  | <b>127,891</b>  |
| <b>LIABILITIES</b>                           |       |                 |                 |
| <b>Current liabilities</b>                   |       |                 |                 |
| Trade and other payables                     | 13    | (378)           | (1,933)         |
| Short-term borrowings                        | 16    | (20,833)        | (21,315)        |
| <b>Total current liabilities</b>             |       | <b>(21,211)</b> | <b>(23,248)</b> |
| <b>Net current liabilities</b>               |       | <b>(4,814)</b>  | <b>(13,997)</b> |
| <b>Non-current liabilities</b>               |       |                 |                 |
| Long-term borrowings                         | 16    | (87,003)        | (51,204)        |
| Deferred tax liabilities                     | 15    | (922)           | (1,372)         |
| <b>Total non-current liabilities</b>         |       | <b>(87,925)</b> | <b>(52,576)</b> |
| <b>Net assets</b>                            |       | <b>28,898</b>   | <b>52,067</b>   |
| <b>SHAREHOLDERS' EQUITY</b>                  |       |                 |                 |
| Called up share capital                      | 17    | 20,600          | 20,600          |
| Available for sale reserve                   |       | 933             | (2,321)         |
| Retained earnings                            |       | 7,365           | 33,788          |
| <b>Total shareholders' equity</b>            |       | <b>28,898</b>   | <b>52,067</b>   |

The accompanying notes form an integral part of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2013 and were signed on its behalf by

  
A Matthews  
Director  
28 June 2013

Investors in Infrastructure Limited (Registered number: 2052321)  
Statement of Changes in Equity  
For the year ended 31 December 2012

| 2012                               | Share capital | Available for<br>sale reserve | Retained<br>earnings | Total         |
|------------------------------------|---------------|-------------------------------|----------------------|---------------|
|                                    | £'000         | £'000                         | £'000                | £'000         |
| Balance at 1 January 2012          | 20,600        | (2,321)                       | 33,788               | 52,067        |
| Profit after tax                   | -             | -                             | 357                  | 357           |
| Other comprehensive income         | -             | 3,254                         | -                    | 3,254         |
| <b>Total comprehensive income</b>  | -             | <b>3,254</b>                  | <b>357</b>           | <b>3,611</b>  |
| Dividends paid                     | -             | -                             | (26,780)             | (26,780)      |
| <b>Balance at 31 December 2012</b> | <b>20,600</b> | <b>933</b>                    | <b>7,365</b>         | <b>28,898</b> |
| 2011                               | Share capital | Available for<br>sale reserve | Retained<br>earnings | Total         |
|                                    | £'000         | £'000                         | £'000                | £'000         |
| Balance at 1 January 2011          | 20,600        | 3,389                         | 123,522              | 147,511       |
| Profit after tax                   | -             | -                             | 6,166                | 6,166         |
| Other comprehensive income         | -             | (5,710)                       | -                    | (5,710)       |
| <b>Total comprehensive income</b>  | -             | <b>(5,710)</b>                | <b>6,166</b>         | <b>456</b>    |
| Dividends paid                     | -             | -                             | (95,900)             | (95,900)      |
| <b>Balance at 31 December 2011</b> | <b>20,600</b> | <b>(2,321)</b>                | <b>33,788</b>        | <b>52,067</b> |

The accompanying notes form an integral part of the financial statements

Investors in Infrastructure Limited (Registered number: 2052321)  
Cash Flow Statement  
For the year ended 31 December 2012

|                                                  | 2012<br>£'000  | 2011<br>£'000   |
|--------------------------------------------------|----------------|-----------------|
| <b>Continuing operations</b>                     |                |                 |
| Cash paid to supplier                            | (1,055)        | (2,033)         |
| Tax paid                                         | (1,498)        | (1,308)         |
| <b>Net cash used in operating activities</b>     | <b>(2,553)</b> | <b>(3,341)</b>  |
| <b>Cash flows from investing activities</b>      |                |                 |
| Distributions from investments                   | 10,802         | 59,259          |
| Purchase of investments                          | (12,596)       | (14,087)        |
| Interest received                                | 4              | 9               |
| Carried interest received                        | 3,232          | 675             |
| <b>Net cash from investing activities</b>        | <b>1,442</b>   | <b>45,856</b>   |
| <b>Cash flows from financing activities</b>      |                |                 |
| Proceeds from borrowing                          | 117,286        | 165,006         |
| Repayments of borrowed funds                     | (83,984)       | (111,803)       |
| Dividends paid                                   | (26,780)       | (95,900)        |
| <b>Net cash used in financing activities</b>     | <b>6,523</b>   | <b>(42,697)</b> |
| <b>Net decrease in cash and cash equivalents</b> | <b>5,411</b>   | <b>(182)</b>    |
| Cash and cash equivalents at beginning of year   | 450            | 632             |
| <b>Cash and cash equivalents at end of year</b>  | <b>5,861</b>   | <b>450</b>      |
| <b>Cash and cash equivalents comprise</b>        |                |                 |
| Cash in hand                                     | 5,861          | 450             |
| <b>Cash and cash equivalents at end of year</b>  | <b>5,861</b>   | <b>450</b>      |

The accompanying notes form an integral part of the financial statements

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Notes to the financial statements**  
**For the year ended 31 December 2012**

**1 Reporting entity**

These financial statements are prepared for Investors in Infrastructure Limited (the "Company"). The principal activity of the Company is to invest in private equity funds established to invest in public and private infrastructure projects. The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent company is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS'), and accordingly consolidated financial statements have not been prepared.

The Company is a private limited company, domiciled and incorporated in the United Kingdom. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP.

**2 Compliance with International Financial Reporting Standards**

The financial statements have been prepared in accordance with international IFRS, adopted for use in the European Union, International Financial Reporting Interpretations Committee ('IFRIC') interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

**3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

**Basis of preparation**

The financial statements have been prepared under the going concern basis and historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies. They are presented in thousand pounds sterling (£'000), the currency of the country in which the Company is incorporated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements.

**a) Revenue recognition**

Revenue comprises income from investments. Distributions are accounted for when received from the investments, resulting in part income and part reduction in the investment.

**b) Interest**

Interest income or expense is recognised on all interest bearing financial assets classified as held to maturity, available for sale or other loans and other receivables and on interest bearing financial liabilities, using the effective interest method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

The Company has chosen not to accrue interest under the effective interest rate method on its AFS Debt Reserves, as required under IAS39, due to the uncertainty in forecasting the future cashflows on these financial assets.

### 3 Summary of significant accounting policies (continued)

#### c) Current and deferred income tax

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current year or prior year taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

#### d) Investments in associates

An associate is an entity in which the Company has significant influence, but not control over, the operating and financial management policy decisions. This is generally demonstrated by the Company holding in excess of 20%, but no more than 50%, of the voting rights.

A joint venture exists where the Company has a contractual arrangement with one or more parties to undertake activities typically, though not necessarily, through entities which are subject to joint control.

Investments in associates and joint ventures are stated at cost less impairment, if any.

Investments in associates are not accounted for using the equity method since the Company is a wholly-owned subsidiary with no publicly traded financial instruments in issue, is not filing financial statements with a regulatory body in connection with a public issue, and the ultimate parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

#### e) Financial assets and liabilities

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows:

##### *Available for Sale*

Available for sale assets are non-derivative financial investments that have been designated as available for sale and are not categorised into any other category. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value, and gains and losses arising from changes in fair value are included as a separate component of equity until sale or impairment when the cumulative gain or loss is transferred to the income statement. The assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

Impairment losses and investment income are recognised in the income statement.

### 3 Summary of significant accounting policies (continued)

#### e) Financial assets and liabilities (continued)

##### *Loans and other receivables*

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and other receivables are stated at amortised cost using the effective interest method (See above). They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently measured at amortised cost, using the effective interest method, less any amounts that have been provided for to reflect impairment in the value of the asset, where there is objective evidence of impairment. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

##### *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is objective evidence that loans and other receivables and available for sale financial investments are impaired. The factors that the Company uses include significant financial difficulty of the debtor or issuer, a breach of contract or default in payments to the lender, for economic or legal reasons relating to the borrower's financial difficulty, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganization, or, the disappearance of an active market for a security because of the issuer's financial difficulties.

The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or economic conditions that correlate with defaults on assets in the portfolio.

For loans and other receivables the Company first assesses whether objective evidence of impairment exists individually for individually significant loans and other receivables, and then collectively assesses remaining loans and other receivables that are not individually significant. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the income statement as impairment. In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets. Reversals of impairment of debt instruments are recognised in the income statement. Reversals of impairment of equity shares are not recognised in the income statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

##### *Financial liabilities*

Financial liabilities are initially recognised at cost and subsequently measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. The Company's financial liabilities comprise trade and other payables and borrowings in the balance sheet.

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Notes to the financial statements**  
**For the year ended 31 December 2012**

**3 Summary of significant accounting policies (continued)**

**f) Cash and cash equivalents**

For the purposes of the cash flow statement, cash comprises cash in hand. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

**g) Changes to accounting policy**

The Company has continued to apply the accounting policies used for the 2010 Annual Report.

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have material impact to the Company.

**Future accounting developments**

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instrument. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

A number of other amendments and interpretations to IFRSs have been issued that first apply from 1st January 2010 or later periods. These have not resulted in any material changes to the Company's accounting policies.

**4. Revenue**

|                                                        |              |              |
|--------------------------------------------------------|--------------|--------------|
| An analysis of Revenue is as follows                   | <b>2012</b>  | <b>2011</b>  |
|                                                        | <b>£'000</b> | <b>£'000</b> |
| <b>Revenue</b>                                         |              |              |
| Distributions from available for sale investments      | 7,063        | 9,726        |
| Gains/(Loss) on sale of available for sale investments | 16           | (1,272)      |
| <b>Total (note 21)</b>                                 | <b>7,079</b> | <b>8,454</b> |

Investors in Infrastructure Limited (Registered number. 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

**5 Interest income and interest expense**

|                                                                | 2012<br>£'000  | 2011<br>£'000  |
|----------------------------------------------------------------|----------------|----------------|
| <b>Interest income</b>                                         |                |                |
| Interest receivable from group undertakings (note 21)          | 4              | 9              |
| Interest receivable from loans and other receivables (note 21) | -              | 1,731          |
| <b>Total interest income and similar income</b>                | <b>4</b>       | <b>1,740</b>   |
| <b>Interest expense</b>                                        |                |                |
| Interest payable to group undertakings (note 21)               | (2,015)        | (2,040)        |
| <b>Total interest expense and similar expense</b>              | <b>(2,015)</b> | <b>(2,040)</b> |
| <b>Net interest (expense)/income</b>                           | <b>(2,011)</b> | <b>(300)</b>   |

**6 Profit before tax**

|                                                                |               |               |
|----------------------------------------------------------------|---------------|---------------|
| The following has been charged in arriving at operating profit | 2012<br>£'000 | 2011<br>£'000 |
| Management fees payable to group companies (note 21)           | 378           | 1,031         |
| Impairment                                                     |               |               |
| - Available for sale investments                               | 6,407         | -             |
| - Associate investments (note 21)                              | 2,752         | -             |

Directors' remuneration and certain direct and indirect costs are borne by Barclays Infrastructure Funds Management Limited, and are recharged to the Company by way of a management fee shown above. The Company has made no loans, guarantees or other such dealings to its Directors and others during the current and prior year. All Directors exercised options under the Barclays PLC Sharesave scheme and Long Term Incentive Schemes during 2012 (2011: One).

The Company had no employees during 2012 or 2011.

The audit fee is borne by another group company. Although the audit fee is borne by another group company, the fee that would have been charged to the Company amounts to £11,300 (2011: £11,000). This fee is not recognised as an expense in the financial statements.

**7 Directors' remuneration**

The aggregate emoluments of the Directors of the Company calculated as defined by the Companies Act 2006 were as follows:

|                                                                                   | 2012<br>£'000 | 2011<br>£'000 |
|-----------------------------------------------------------------------------------|---------------|---------------|
| Aggregate remuneration in respect of qualifying services                          | -             | -             |
| Aggregate amounts (excluding shares) receivable under long-term incentive schemes | 17            | 52            |
| Aggregate contributions due to Barclays Group pension schemes                     | -             | -             |

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Notes to the financial statements**  
**For the year ended 31 December 2012**

**8 Tax**

| The analysis of the charge / (credit) for the year is as follows | 2012<br>£'000  | 2011<br>£'000 |
|------------------------------------------------------------------|----------------|---------------|
| <b>Current tax credit.</b>                                       |                |               |
| United Kingdom corporation tax                                   | (4,122)        | (45)          |
| Adjustment for prior years                                       | -              | -             |
| <b>Deferred tax (credit)/charge: (note 15)</b>                   |                |               |
| United Kingdom corporation tax                                   | (729)          | 1,061         |
| Adjustment for prior years                                       | -              | -             |
| <b>Total charge</b>                                              | <b>(4,851)</b> | <b>1,016</b>  |

The effective tax rate is 24.5% (2011: 26.5%)

A numerical reconciliation of the applicable tax rate and the average effective tax rate is as follows

|                                                                      | 2012<br>£'000   | 2011<br>£'000 |
|----------------------------------------------------------------------|-----------------|---------------|
| <b>(Loss)/profit before tax</b>                                      | <b>(4,494)</b>  | <b>7,182</b>  |
| Tax charge at average UK corporation tax rate of 24.5% (2011: 26.5%) | (1,101)         | 1,903         |
| Effects of                                                           |                 |               |
| Prior year adjustments                                               | (2,358)         | (578)         |
| Non-taxable income                                                   | (1,336)         | (156)         |
| Tax rate change                                                      | (56)            | (153)         |
| <b>Overall tax (credit)/charge</b>                                   | <b>(4,851)</b>  | <b>1,016</b>  |
| <b>Effective tax rate</b>                                            | <b>-107.97%</b> | <b>14.14%</b> |

**9 Investments in associates and joint ventures**

Movements in and details of, the Company's long term investments in associates and joint ventures is as follows

|                                 | 2012<br>£'000 | 2011<br>£'000 |
|---------------------------------|---------------|---------------|
| <b>At 1 January</b>             | <b>29,566</b> | <b>29,566</b> |
| Reclassifications               | 5,377         | -             |
| <b>At 31 December (note 21)</b> | <b>34,943</b> | <b>29,566</b> |

Investors in Infrastructure Limited (Registered number: 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

9. Investments in associates and joint ventures (continued)

Particulars of associates and joint ventures were as follows

| Country of registration or incorporation | Entity name                                     | Percentage of Partners' Capital % | Aggregate capital and reserves £'000 | Profit/(loss) for the financial year £'000 | Aggregate assets £'000 | Aggregate revenues £'000 | Aggregate liabilities £'000 | Reporting date |
|------------------------------------------|-------------------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------------|------------------------|--------------------------|-----------------------------|----------------|
| England                                  | The Alma Mater Fund LP                          | 41%                               | 68,646                               | (72)                                       | 69,073                 | -                        | (428)                       | 31/12/2012     |
| England                                  | BEIF (LUPP) LP                                  | 34%                               | 17,985                               | 2,143                                      | 18,137                 | 2,504                    | 187                         | 31/12/2012     |
| England                                  | BEIF Management LP                              | 30%                               | 668                                  | 623                                        | 668                    | 643                      | -                           | 31/12/2012     |
| England                                  | Barclays Alma Mater Management LP               | 30%                               | -                                    | -                                          | -                      | -                        | -                           | 31/12/2012     |
| England                                  | Barclays Infrastructure Investors Management LP | 38%                               | 16                                   | (9)                                        | 16                     | -                        | -                           | 31/12/2012     |

The directors consider that there is no impairment in the carrying value of the investments in associates or joint ventures

The table below provides information in respect of associated undertakings in which the Company has an interest at 31 December 2012 (the entities' entire financial position and results of operation are presented, not Investors in Infrastructures Limited's share)

|                         | 2012<br>£'000 | 2011<br>£'000 |
|-------------------------|---------------|---------------|
| Total assets            | 87,894        | 82,966        |
| Total liabilities       | (241)         | (2,210)       |
| Profit/(loss) after tax | 2,685         | 12,550        |

Investors in Infrastructure Limited (Registered number: 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

10 Available for sale financial investments

|                                                          | 2012<br>£'000 | 2011<br>£'000 |
|----------------------------------------------------------|---------------|---------------|
| At 1 January                                             | 89,075        | 103,998       |
| Additions and transfers                                  | 4,467         | 14,087        |
| Disposals (through sale and redemption)                  | (3,973)       | (22,046)      |
| Revaluation surplus/(deficit) transferred to equity      | 3,549         | (8,236)       |
| Net losses/(gains) transferred to net profit on disposal | (16)          | 1,272         |
| Impairment charge                                        | (6,407)       | -             |
| At 31 December                                           | 86,695        | 89,075        |

  

| The investments above comprises     | 2012<br>£'000 | 2011<br>£'000 |
|-------------------------------------|---------------|---------------|
| Investments in Limited Partnerships | 86,695        | 89,075        |
| Total                               | 86,695        | 89,075        |

Information relating to financial risks is included at note 18

The fair value of these investments is determined in accordance with the International Private Equity and Venture Capital Valuations Guidelines for unlisted investments. Application of these guidelines requires management to exercise judgement and make certain assumptions which can have a significant impact on the financial statements. For estimating the fair value of an interest in a Fund, management base their estimates on their attributable proportion of the reported Fund Net Asset Value. Information relating to financial risks is included in note 18.

Included in Disposals (through sale and redemption) are equalisations from the Funds of £nil (2011 £3,418,758)

11. Loans and other receivables

An analysis of loans and other receivables is as follows

|                                           | 2012<br>Non-<br>Current<br>£'000 | Current<br>£'000 | 2011<br>Non-<br>Current<br>£'000 | Current<br>£'000 |
|-------------------------------------------|----------------------------------|------------------|----------------------------------|------------------|
| Loans and other receivables               | -                                | -                | -                                | -                |
| Other receivables                         | -                                | -                | -                                | -                |
| Amount due from related parties (note 21) | -                                | 4,167            | -                                | 8,052            |
| Total                                     | -                                | 4,167            | -                                | 8,052            |

The Directors consider that the carrying amount of loans and other receivables approximates their fair value

Investors in Infrastructure Limited (Registered number: 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

**12. Allowance for impairment**

The movement in the allowance for impairment for each class of financial asset is as follows

| 2012                           | At 1 January<br>£'000 | Amounts<br>charged<br>against profit<br>£'000 | At 31<br>December<br>£'000 |
|--------------------------------|-----------------------|-----------------------------------------------|----------------------------|
| Available for sale investments |                       |                                               |                            |
| - Debt securities              | -                     | (6,407)                                       | (6,407)                    |
| Associate investments          | -                     | (2,752)                                       | (2,752)                    |
| <b>Total</b>                   | <b>-</b>              | <b>(9,159)</b>                                | <b>(9,159)</b>             |

| 2011                           | At 1 January<br>£'000 | Amounts<br>charged<br>against profit<br>£'000 | At 31<br>December<br>£'000 |
|--------------------------------|-----------------------|-----------------------------------------------|----------------------------|
| Available for sale investments |                       |                                               |                            |
| - Debt securities              | -                     | -                                             | -                          |
| Associate investments          | -                     | -                                             | -                          |
| <b>Total</b>                   | <b>-</b>              | <b>-</b>                                      | <b>-</b>                   |

**13. Trade and other payables**

An analysis of trade and other payables is as follows

|                                          | 2012<br>Current<br>£'000 | 2011<br>Current<br>£'000 |
|------------------------------------------|--------------------------|--------------------------|
| Trade payables                           | -                        | 901                      |
| Amounts due to related parties (note 21) | 378                      | 1,031                    |
| <b>Total trade and other payables</b>    | <b>378</b>               | <b>1,933</b>             |

The Directors consider that the carrying amount of trade and other payables approximates their fair value

**14. Current tax assets / (liabilities)**

Current tax assets were as follows

|                                 | 2012<br>£'000 | 2011<br>£'000 |
|---------------------------------|---------------|---------------|
| Tax credits receivable          | 147           | 192           |
| Group relief receivable         | 6,221         | 556           |
| <b>Total current tax assets</b> | <b>6,368</b>  | <b>748</b>    |

Group relief receivable represents the excess over amounts payable for losses received from other group companies

Investors in Infrastructure Limited (Registered number 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

15 Deferred tax liabilities

|                                                | 1 January<br>2012 | Credited /<br>(Charged) to<br>income<br>statement | Credited /<br>(Charged)<br>to equity | 31 December<br>2012 |
|------------------------------------------------|-------------------|---------------------------------------------------|--------------------------------------|---------------------|
|                                                | £'000             | £'000                                             | £'000                                | £'000               |
| <b>Liabilities</b>                             |                   |                                                   |                                      |                     |
| Temporary differences on interest              | (1,372)           | 729                                               | (279)                                | (922)               |
| <b>Net deferred tax assets / (liabilities)</b> | <b>(1,372)</b>    | <b>729</b>                                        | <b>(279)</b>                         | <b>(922)</b>        |

|                                                | 1 January<br>2011 | Credited /<br>(Charged) to<br>income<br>statement | Credited /<br>(Charged)<br>to equity | 31 December<br>2011 |
|------------------------------------------------|-------------------|---------------------------------------------------|--------------------------------------|---------------------|
|                                                | £'000             | £'000                                             | £'000                                | £'000               |
| <b>Liabilities</b>                             |                   |                                                   |                                      |                     |
| Temporary differences on interest              | (1,565)           | (1,061)                                           | 1,254                                | (1,372)             |
| <b>Net deferred tax assets / (liabilities)</b> | <b>(1,565)</b>    | <b>(1,061)</b>                                    | <b>1,254</b>                         | <b>(1,372)</b>      |

Deferred income taxes are calculated on all temporary differences under the liability method using an effective rate of 23% (2011 25%)

Finance Act 2012 reduced the main rate of rate of corporation tax from 26% to 24% from 1 April 2012 (and to 23% from 1 April 2013). The reduction was substantively enacted on 17 July 2012. As this change in rate was subsequently enacted prior to 31 December 2012, it has been reflected in the deferred tax liability at 31 December 2012.

A further reduction to the main rate has been proposed to reduce the rate to 21% by 1 April 2014. The subsequent and proposed change to the main rate had not been substantively enacted at the balance sheet date and, therefore, is not included in these financial statements. If the further rate change from 23% to 21% were applied to the deferred tax balance at the balance sheet date, there would be a reduction to deferred tax liability by £159,000.

16. Debt and borrowings

|                                                       |                |               |
|-------------------------------------------------------|----------------|---------------|
| An analysis of the Company's borrowings is as follows | 2012<br>£'000  | 2011<br>£'000 |
| Short term net borrowings from Group                  | 20,833         | 21,315        |
| Long term borrowing from Group                        | 87,003         | 51,204        |
| <b>Total borrowings from Group (note 21)</b>          | <b>107,836</b> | <b>72,519</b> |

All borrowings are from companies within the Barclays Group

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Notes to the financial statements**  
**For the year ended 31 December 2012**

**17 Share capital**

Particulars of the Company's share capital were as follows

|                     |                      | Number of<br>shares<br>'000 | Ordinary shares<br>£'000 |
|---------------------|----------------------|-----------------------------|--------------------------|
| At 1 January 2012   | Ordinary share of £1 | 20,600                      | 20,600                   |
| At 31 December 2012 | Ordinary share of £1 | 20,600                      | 20,600                   |
| At 1 January 2011   | Ordinary share of £1 | 20,600                      | 20,600                   |
| At 31 December 2011 | Ordinary share of £1 | 20,600                      | 20,600                   |

The authorised share capital of Investors in Infrastructure Limited is £25,000,000 (2011 £25,000,000), comprising 25,000,000 ordinary shares of £1 each. All issued shares are fully paid.

**18 Financial risks**

The Company's activities expose it to a variety of financial risks. These are credit risk, liquidity risk and market risk (which includes interest rate risk). Consequently, the Company devotes considerable resources to maintaining effective controls to manage, measure, and mitigate each of these risks, and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

The Board of Directors monitors the Company's financial risks and has responsibility for ensuring effective risk management and control.

**(a) Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company.

The Company assesses all counterparties for credit risk before contracting with them. Risk rating is the main method used to measure credit risk.

Significant concentration of credit risk is detailed below.

**Maximum exposure to credit risk**

Whilst the Company's maximum exposure to credit risk is the carrying value of the assets, in most cases the likely exposure is far less due to other actions taken to mitigate the Company's exposure. The analysis presented below shows the financial effects of these mitigants.

| As at 31 December 2012                       | Total Exposure<br>£'000 |
|----------------------------------------------|-------------------------|
| Cash and cash equivalents                    | 5,861                   |
| Loans and other receivables                  | 4,167                   |
| Available for sale investments               |                         |
| - Debt securities                            | 86,695                  |
| <b>Total maximum exposure at 31 December</b> | <b>96,723</b>           |

Investors in Infrastructure Limited (Registered number. 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

18 Financial risks (continued)

(a) Credit risk (continued)

| As at 31 December 2011                              | Total Exposure<br>£'000 |
|-----------------------------------------------------|-------------------------|
| Cash and cash equivalents                           | 450                     |
| Loans and other receivables                         | 8,052                   |
| Available for sale investments<br>- Debt securities | 89,075                  |
| <b>Total maximum exposure at 31 December</b>        | <b>97,577</b>           |

Cash and cash equivalents are held with Barclays Bank PLC. The Company does not hold any collateral as security.

Financial assets subject to credit risk

For the purposes of the Company's disclosures regarding credit quality, financial assets subject to credit risk have been analysed as follows

|                                            | 2012<br>Cash and<br>Cash<br>equivalents<br>£'000 | Loans and<br>Other<br>receivables<br>£'000 | Available for<br>Sale Debt<br>Securities<br>£'000 | Total<br>£'000 |
|--------------------------------------------|--------------------------------------------------|--------------------------------------------|---------------------------------------------------|----------------|
| <b>As at 31 December</b>                   |                                                  |                                            |                                                   |                |
| Neither past due nor individually impaired | 5,861                                            | 4,167                                      | 16,976                                            | 27,004         |
| Individually impaired                      | -                                                | -                                          | 69,719                                            | 69,719         |
| <b>Total carrying amount</b>               | <b>5,861</b>                                     | <b>4,167</b>                               | <b>86,695</b>                                     | <b>96,723</b>  |

|                                            | 2011<br>Cash and<br>Cash<br>equivalents<br>£'000 | Loans and<br>Other<br>receivables<br>£'000 | Available for<br>Sale Debt<br>Securities<br>£'000 | Total<br>£'000 |
|--------------------------------------------|--------------------------------------------------|--------------------------------------------|---------------------------------------------------|----------------|
| <b>As at 31 December</b>                   |                                                  |                                            |                                                   |                |
| Neither past due nor individually impaired | 450                                              | 8,052                                      | 89,075                                            | 97,577         |
| Individually impaired                      | -                                                | -                                          | -                                                 | -              |
| <b>Total carrying amount</b>               | <b>450</b>                                       | <b>8,052</b>                               | <b>89,075</b>                                     | <b>97,577</b>  |

Investors in Infrastructure Limited (Registered number: 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

18 Financial risks (continued)

(a) Credit risk (continued)

a) Financial assets subject to credit risk neither past due nor individually impaired

Financial assets subject to credit risk that are neither past due nor individually impaired can be analysed according to the rating systems used by the Company when assessing customers and counterparties. The credit quality of financial assets subject to credit that were neither past due nor impaired, based on credit rating, was as follows

|                                | Strong       | Satisfactory | Weak          | Total         |
|--------------------------------|--------------|--------------|---------------|---------------|
| 31 December 2012               | £'000        | £'000        | £'000         | £'000         |
| Loans and other receivables    | -            | 4,167        | -             | 4,167         |
| Cash and cash equivalents      | 5,861        | -            | -             | 5,861         |
| Available for sale investments |              |              |               |               |
| - Debt securities              | -            | -            | 16,976        | 16,976        |
| <b>Total</b>                   | <b>5,861</b> | <b>4,167</b> | <b>16,976</b> | <b>27,004</b> |
|                                |              |              |               |               |
| 31 December 2011               | £'000        | £'000        | £'000         | £'000         |
| Loans and other receivables    | -            | 8,052        | -             | 8,052         |
| Cash and cash equivalents      | 450          | -            | -             | 450           |
| Available for sale investments |              |              |               |               |
| - Debt securities              | -            | -            | 89,075        | 89,075        |
| <b>Total</b>                   | <b>450</b>   | <b>8,052</b> | <b>89,075</b> | <b>97,577</b> |

b) Individually impaired financial assets

Financial assets subject to credit risk and individually impaired were as follows

|                                | Original carrying amount | Impairment allowance | Revised carrying amount |
|--------------------------------|--------------------------|----------------------|-------------------------|
| 31 December 2012               | £'000                    | £'000                | £'000                   |
| Available for sale investments |                          |                      |                         |
| - Debt securities              | 76,126                   | (6,407)              | 69,719                  |
| <b>Total</b>                   | <b>76,126</b>            | <b>(6,407)</b>       | <b>69,719</b>           |
|                                |                          |                      |                         |
| 31 December 2011               | £'000                    | £'000                | £'000                   |
| Available for sale investments |                          |                      |                         |
| - Debt securities              | -                        | -                    | -                       |
| <b>Total</b>                   | <b>-</b>                 | <b>-</b>             | <b>-</b>                |

## 18. Financial risks (continued)

### (b) Liquidity risk

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. The Company's debts include contractual liabilities and commitments. The tables below set out details of the balance sheet liabilities, additionally, the Company has unfunded commitments to underlying funds of £29,085,359 (see note 20) that can be drawn at any time.

The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities, whilst not contractually committed, are designed to ensure the Company has sufficient available funds for operations and planned expansion.

The monitoring and reporting of liquidity risk take the form of cash flow measurements and projections for the month as these are key periods for liquidity management. Sources of liquidity are regularly reviewed.

#### Contractual maturity of financial liabilities on an undiscounted basis

|                                                    | One<br>years or<br>less | Over 1<br>year but<br>no more<br>than 2<br>years | Over 2<br>year but<br>no more<br>than 5<br>years | Over 5<br>year but<br>no more<br>than 10<br>years | Over 10<br>years | Total            |
|----------------------------------------------------|-------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------------------|------------------|------------------|
|                                                    | £000                    | £000                                             | £000                                             | £000                                              | £000             | £000             |
| 2012                                               |                         |                                                  |                                                  |                                                   |                  |                  |
| Trade and other payables<br>(incl tax liabilities) | (378)                   | -                                                | -                                                | -                                                 | -                | (378)            |
| Borrowings                                         | (20,833)                | -                                                | (43,588)                                         | (43,415)                                          | -                | (107,836)        |
| <b>Total financial liabilities</b>                 | <b>(21,211)</b>         | <b>-</b>                                         | <b>(43,588)</b>                                  | <b>(43,415)</b>                                   | <b>-</b>         | <b>(108,214)</b> |

|                                                    | One<br>years or<br>less | Over 1<br>year but<br>no more<br>than 2<br>years | Over 2<br>year but<br>no more<br>than 5<br>years | Over 5<br>year but<br>no more<br>than 10<br>years | Over 10<br>years | Total           |
|----------------------------------------------------|-------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------------------|------------------|-----------------|
|                                                    | £000                    | £000                                             | £000                                             | £000                                              | £000             | £000            |
| 2011                                               |                         |                                                  |                                                  |                                                   |                  |                 |
| Trade and other payables<br>(incl tax liabilities) | (1,933)                 | -                                                | -                                                | -                                                 | -                | (1,933)         |
| Borrowings                                         | (21,315)                | -                                                | (7,784)                                          | (43,420)                                          | -                | (72,519)        |
| <b>Total financial liabilities</b>                 | <b>(23,248)</b>         | <b>-</b>                                         | <b>(7,784)</b>                                   | <b>(43,420)</b>                                   | <b>-</b>         | <b>(74,452)</b> |

### (c) Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates. The Company is not exposed to foreign currency risk as it does not have any assets and liabilities in foreign currency.

### Interest rate risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and / or reduced income from the Company's interest bearing financial assets and liabilities. The Company's interest rate risk arises from long term borrowings.

Investors in Infrastructure Limited (Registered number: 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

18. Financial risks (continued)

(c) Market risk (continued)

Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net interest expense for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2012

Impact on net interest expense

|                                        | +25 basis<br>points<br>2012<br>£'000 | +25 basis<br>points<br>2011<br>£'000 | -25 basis<br>points<br>2012<br>£'000 | -25 basis<br>points<br>2011<br>£'000 |
|----------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Total                                  | 255                                  | 180                                  | (255)                                | (180)                                |
| As a percentage of net interest income | -12.7%                               | -8.9%                                | 12.7%                                | 8.9%                                 |

19 Fair value of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arm's length transaction between knowledgeable willing parties

There are no significant differences between carrying value of the Company's financial assets and their fair value on 31 December 2012 and 31 December 2011

The following summarises the financial assets and financial liabilities presented on the Company's balance sheet and their fair values

|                                | 2012<br>£'000  | 2011<br>£'000 |
|--------------------------------|----------------|---------------|
| <b>Financial assets</b>        |                |               |
| Loans and other receivables    | 4,167          | 8,052         |
| Available for sale investments |                |               |
| - Debt securities              | 86,695         | 89,075        |
| <b>Total</b>                   | <b>90,862</b>  | <b>97,127</b> |
|                                |                |               |
|                                | 2012<br>£'000  | 2011<br>£'000 |
| <b>Financial liabilities:</b>  |                |               |
| Borrowings                     | 107,836        | 72,519        |
| <b>Total</b>                   | <b>107,836</b> | <b>72,519</b> |

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Notes to the financial statements**  
**For the year ended 31 December 2012**

**19 Fair value of financial instruments (continued)**

**Valuation methodology**

The table below shows the Company's financial assets and liabilities that are recognised and measured at fair value analysed by valuation technique. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is described below.

|                                | 31 December 2012                                                     |                                                                      |                                                                        | Total         |
|--------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|---------------|
|                                | Level 1 -<br>Valuations<br>based on<br>observable<br>inputs<br>£'000 | Level 2 -<br>Valuations<br>based on<br>observable<br>inputs<br>£'000 | Level 3 -<br>Valuations<br>based on<br>unobservable<br>inputs<br>£'000 | £'000         |
| <b>Financial assets.</b>       |                                                                      |                                                                      |                                                                        |               |
| Available for sale investments |                                                                      |                                                                      |                                                                        |               |
| - Debt securities              | -                                                                    | -                                                                    | 86,695                                                                 | 86,695        |
| <b>Total</b>                   | <b>-</b>                                                             | <b>-</b>                                                             | <b>86,695</b>                                                          | <b>86,695</b> |

|                                | 31 December 2011                                                     |                                                                      |                                                                        | Total         |
|--------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|---------------|
|                                | Level 1 -<br>Valuations<br>based on<br>observable<br>inputs<br>£'000 | Level 2 -<br>Valuations<br>based on<br>observable<br>inputs<br>£'000 | Level 3 -<br>Valuations<br>based on<br>unobservable<br>inputs<br>£'000 | £'000         |
| <b>Financial assets</b>        |                                                                      |                                                                      |                                                                        |               |
| Available for sale investments |                                                                      |                                                                      |                                                                        |               |
| - Debt securities              | -                                                                    | -                                                                    | 89,075                                                                 | 89,075        |
| <b>Total</b>                   | <b>-</b>                                                             | <b>-</b>                                                             | <b>89,075</b>                                                          | <b>89,075</b> |

There was no movement between level 1, 2 and 3 assets and liabilities during the year.

**Level 1**

Financial instruments for which their valuations are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

**Level 2**

Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as

- using recent arm's length market transactions or with reference to the current fair value of similar instruments,
- linear financial instruments such as swaps and forwards which are valued using market standard pricing techniques,
- options that are commonly traded in markets whereby all the inputs to the market-standard pricing models are deemed observable.

Valuations based on unobservable inputs

**Investors in Infrastructure Limited (Registered number 2052321)**  
**Notes to the financial statements**  
**For the year ended 31 December 2012**

**19 Fair value of financial instruments (continued)**

**Level 3**

Valuations based on inputs that are not based on observable market data (unobservable data) include the use of valuation techniques which are in accordance with the International Private Equity and Venture Capital Valuation Guidelines

**Movements in level 3 financial instruments**

|                        | Available for<br>sale assets<br>£'000 | Total<br>£'000 |
|------------------------|---------------------------------------|----------------|
| As at 1 January 2012   | 89,075                                | 89,075         |
| Purchases              | 12,596                                | 12,596         |
| Sales                  | (3,973)                               | (3,973)        |
| Decrease in valuation  | (5,626)                               | (5,626)        |
| Transfers out          | (5,377)                               | (5,377)        |
| As at 31 December 2012 | 86,695                                | 86,695         |

|                        | Available for<br>sale assets<br>£'000 | Total<br>£'000 |
|------------------------|---------------------------------------|----------------|
| As at 1 January 2011   | 103,998                               | 103,998        |
| Purchases              | 14,087                                | 14,087         |
| Sales                  | (22,046)                              | (22,046)       |
| Decrease in valuation  | (6,964)                               | (6,964)        |
| As at 31 December 2011 | 89,075                                | 89,076         |

**20. Contingencies and commitments**

The investments contracted by the Company to underlying funds as at 31 December 2012 amounted to £29,085,359 (2011 £41,681,265)

**21. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors

The Company's immediate parent is Barclays Group Holdings Limited. The ultimate parent is Barclays Bank PLC

The Company utilises banking facilities of Barclays Bank PLC, a parent company, on terms available to external customers. Interest received for the year is detailed in the table below and amounts on deposit at year end are detailed in the table below as assets held with parent company

During the year there were no loans to Directors or connected persons or other transactions, arrangements or agreements which require disclosure in accordance with the Companies Act 2006

Investors in Infrastructure Limited (Registered number: 2052321)  
Notes to the financial statements  
For the year ended 31 December 2012

21. Related party transactions (continued)

Particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below

| Transactions and balances                  | Parent company<br>2012<br>£'000 | Group companies<br>2012<br>£'000 | Associates<br>2012<br>£'000 | Fund<br>2012<br>£'000 | Parent company<br>2011<br>£'000 | Group companies<br>2011<br>£'000 | Associates<br>2011<br>£'000 | Fund<br>2011<br>£'000 |
|--------------------------------------------|---------------------------------|----------------------------------|-----------------------------|-----------------------|---------------------------------|----------------------------------|-----------------------------|-----------------------|
| <b>Transactions</b>                        |                                 |                                  |                             |                       |                                 |                                  |                             |                       |
| Revenue                                    | -                               | -                                | -                           | 7,079                 | -                               | -                                | -                           | 8,454                 |
| Direct expenses                            | -                               | (378)                            | -                           | -                     | -                               | (1,031)                          | -                           | -                     |
| Interest received                          | 4                               | -                                | -                           | -                     | 9                               | -                                | -                           | 1,731                 |
| Interest paid                              | (2,015)                         | -                                | -                           | -                     | (2,040)                         | -                                | -                           | -                     |
| Impairment charge for year                 | -                               | -                                | (2,752)                     | -                     | -                               | -                                | -                           | -                     |
| <b>Balances outstanding at 31 December</b> |                                 |                                  |                             |                       |                                 |                                  |                             |                       |
| Assets                                     | -                               | -                                | 34,943                      | 4,167                 | -                               | -                                | 29,566                      | 8,052                 |
| Cash and cash equivalents                  | 5,861                           | -                                | -                           | -                     | 450                             | -                                | -                           | -                     |
| Net Liabilities                            | (107,836)                       | (378)                            | -                           | -                     | (72,519)                        | (1,031)                          | -                           | (901)                 |

Group undertakings include Associates and Joint Ventures as disclosed in note 9

**Investors in Infrastructure Limited (Registered number: 2052321)**  
**Notes to the financial statements**  
**For the year ended 31 December 2012**

**22. Capital management**

The Company's objectives when managing capital are

- To safeguard the Company's ability to continue as a going concern
- To maintain an optimal capital structure in order to reduce the cost of capital
- To generate sufficient capital to support asset growth
- To ensure compliance with the Financial Conduct Authority regulations and capital requirements

The Board of Directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management.

The Company regards as capital its equity, as shown in the balance sheet

| Total capital is as follows    | 2012<br>£'000 | 2011<br>£'000 |
|--------------------------------|---------------|---------------|
| Called up share capital        | 20,600        | 20,600        |
| Retained earnings              | 7,365         | 33,788        |
| <b>Total capital resources</b> | <b>27,965</b> | <b>54,388</b> |

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

**23 Parent undertaking and ultimate Holding Company**

The immediate parent and the parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place London, E14 5HP.