

Tramlink Nottingham (Finco) Limited
Annual report and financial statements
for the 17 week period ended 31 March
2012

Registered number 07865421



Tramlink Nottingham (Finco) Limited

Annual report and financial statements for the 17 week period ended 31 March 2012

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Tramlink Nottingham (Finco) Limited

Directors and advisors

Directors

Mr D J Finch
Mr M Fiorentino
MR A J F Gordon
Mr R S Harrison
Mr F E Long
Mr B R King
Mr C J M Martinet
Mr S Y P Noire

Secretary

Mr N Arif

Registered office

Second floor, St James Place House
7 Castle Quay
Castle Boulevard
Nottingham
NG7 1FW

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Bankers

Nat West Bank Plc
Smiths Bank Branch
16 South Parade
Nottingham
NG1 2JX

Tramlink Nottingham (Finco) Limited

Directors' report for the 17 week period ended 31 March 2012

The directors present their report and the audited financial statements of the company for the 17 week period ended 31 March 2012

The company was incorporated on 30 November 2011. These financial statements cover the 17 week period from incorporation to 31 March 2012. This is the first accounting reference period of the company and hence no comparative figures are presented.

Principal activity

The principal activity of the company during the period was to serve as a finance service entity to provide subordinated finance to Tramlink Nottingham Limited – a Private Finance Initiative (PFI) concession which was set up to build, operate and maintain two new tram lines in Nottingham.

Business review and future developments

The project commenced on 15 December 2011. The company has received subordinated funds from the sponsors and passed them through to Tramlink Nottingham Limited.

Results and dividends

The company's profit for the period was £ nil. The directors do not propose a final dividend for the 17 week period ended 31 March 2012.

Going concern

At the balance sheet date the company had net assets of £ nil. The company passes through funding to a PFI concession which is secured under long term finance contracts. The directors have reviewed the PFI's projected profits and cash flows by reference to a financial model covering accounting periods up to March 2034. Having examined the current status of the company's principal contracts and likely developments in the foreseeable future, the directors have a reasonable expectation that the company will be able to settle its liabilities as they fall due for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

Directors

The directors who held office during the period and subsequently up to the date of signing this report, are given below:

Mr D J Finch (appointed 30 November 2011)
Mr M Fiorentino (appointed 6 December 2011)
Ms L E N Frances (appointed 9 December 2011, resigned 22 December 2011)
Mr A J F Gordon (appointed 6 December 2011)
Mr R S Harrison (appointed 23 December 2011)
Mr F E Long (appointed 6 December 2011)
Mr B R King (appointed 6 December 2011)
Mr C J M Martinet (appointed 6 December 2011)
Mr A R Mercado (appointed 23 February 2012, resigned 24 February 2012)
Mr S Y P Noire (appointed 6 December 2011)
Mr M L Peller (appointed 23 February 2012, resigned 24 February 2012)
Mr T P Treharne (appointed 9 December 2011, resigned 22 December 2011)

Tramlink Nottingham (Finco) Limited

Directors' report for the 17 week period ended 31 March 2012 (continued)

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

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

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

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved under Section 418 of the Companies Act 2006, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Tramlink Nottingham (Finco) Limited

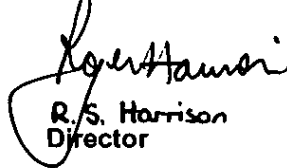
Directors' report for the 17 week period ended 31 March 2012 (continued)

Independent auditors

PricewaterhouseCoopers LLP were appointed as first auditors of the company on 13 March 2012
PricewaterhouseCoopers LLP have indicated their willingness to continue in office

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

By order of the Board



R. S. Harrison
Director

11/8/12

Independent auditors' report to the members of Tramlink Nottingham (Finco) Limited

We have audited the financial statements of Tramlink Nottingham (Finco) Limited for the 17 week period ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 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 and financial statements 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 March 2012 and of its profit for the 17 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of 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 period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Tramlink Nottingham (Finco) Limited (continued)

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
- The directors were not entitled to take advantage of the small companies exemption in preparing the director's report



Paul Nott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
29 August 2012

Tramlink Nottingham (Finco) Limited

Profit and loss account for the 17 week period ended 31 March 2012

	Note	17 week period ended 31 March 2012 £'000
Operating profit	2	-
Interest receivable and similar income	3	2,163
Interest payable and similar charges	4	2,163
Profit on ordinary activities before taxation		-
Tax on profit on ordinary activities	5	-
Profit for the financial period		-

All of the company's results are derived from continuing operations

The company has no recognised gains or losses other than the profit for the period stated above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents

Tramlink Nottingham (Finco) Limited

Balance sheet as at 31 March 2012

	Note	31 March 2012
		£'000
Current assets		
Debtors- amounts due falling within one year	6	102
Debtors - amounts falling due after more than one year	7	70,233
		70,335
Creditors' amounts falling due within one year	8	(102)
Net current assets		70,233
Total assets less current liabilities		70,233
Creditors amounts falling due after more than one year	9	(70,233)
Net assets		-
Capital and reserves		-
Called up share capital	10	-
Profit and loss account	11	-
Total shareholders' funds	12	-

The financial statements on pages 7 to 16 were approved by the board of directors on 11/8/12 and were signed on its behalf by


R. S. Harrison
Director

Tramlink Nottingham (Finco) Limited

Registered number: 07865421

Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below. The current period relates to the 17 week period ended 31 March 2012.

Going concern

At the balance sheet date the company had net assets of £ nil. The company passes through funding to a PFI concession which is secured under long term finance contracts. The directors have reviewed the PFI's projected profits and cash flows by reference to a financial model covering accounting periods up to March 2034. Having examined the current status of the company's principal contracts and likely developments in the foreseeable future, the directors have a reasonable expectation that the company will be able to settle its liabilities as they fall due for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) – *Cash flow statements* the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small entity as defined in section 382 of the Companies Act 2006.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred taxation assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 – *Related party disclosures* not to disclose related party transactions between companies which are wholly owned subsidiaries of Tramlink Nottingham (Holdings) Limited, whose financial statements are publically available.

Finance costs

In accordance with Financial Reporting Standard 4 – Capital instruments, all finance costs, which are directly attributable to the issuing of debt, are offset against the related borrowings within long term creditors and amortised at a constant rate over the life of those borrowings.

Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012 (continued)

2 Operating profit

The company did not have any employees during the period other than directors on service contracts

The directors did not receive any emoluments in respect of their services to the company during the period

Fee payable to the company's auditors amounted to £3,000 and have been incurred by Tramlink Nottingham Limited and not recharged to the company

3 Interest receivable and similar income

	17 week period ended 31 March 2012 £'000
Interest and similar charges receivable from group undertakings	2,163

4 Interest payable and similar charges

	17 week period ended 31 March 2012 £'000
Interest and similar charges payable to related parties	1,917
Amortisation of sub debt discount	164
Amortisation of debt issue costs	82
	2,163

Debt issue costs and discount relating to loans received have been deferred through an offset against the related liability and amortised over the life of the debt facility

Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012 (continued)

5 Tax on profit on ordinary activities

17 week
period
ended 31
March 2012
£'000

Current tax charge - UK Corporation tax	-
Deferred tax	-
Total tax charge	-

The tax for the period is equal to the standard rate of corporation tax in the UK of 26% as explained below

Factors affecting the tax charge for the period

17 week
period
ended 31
March 2012
£'000

Profit on ordinary activities before taxation	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26%	-
Current tax charge	-

Changes in rates of Corporation tax were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. This has no impact on these financial statements.

Furthermore, legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 has been included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The Company has no recognised or unrecognised deferred tax.

Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012 (continued)

6 Debtors: amounts falling due within one year

	31 March 2012
	£'000
Amounts owed from group undertakings	91
Prepayments and accrued income	11
	102

7 Debtors: amounts falling due after more than one year

	31 March 2012
	£'000
Amounts owed by group undertakings	69,327
Prepayments and accrued income	906
	70,233

Amounts owed by group undertakings at 31 March 2012 are an intercompany loan with a par value of £87,740,000 due from Tramlink Nottingham Limited with the following terms and conditions

- Mezzanine loan of £20,562,000, including accrued interest of £562,000, carries interest at 9.5% fixed and is repayable by instalments starting on 31 March 2015 with the final instalment due on 19 March 2030. The amount recognised is net of issue costs charged of £2,534,000, with £2,498,000 remaining unamortised as at 31 March 2012.
- Subordinated loans of £67,178,000, including accrued interest of £1,094,000, which were issued at a discount, bear interest at 6% and 4.78% fixed until 15 December 2014 and 10.5% thereafter. They are repayable by instalments starting on 31 March 2027 with the final repayment due on 31 March 2032. The amount recognised is net of issue costs charged and discount of £3,500,000 and £12,625,000 respectively, with £3,454,000 of issue costs and £12,461,000 of discount costs remaining unamortised as at 31 March 2012.

Prepayments and accrued income include prepayment of £906,000 falling due after more than one year of finance costs attributable to the Subordinated loan Tranche 3 which is not provided to Tramlink Nottingham Limited until 30 September 2014.

Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012 (continued)

8 Creditors: amounts falling due within one year

	31 March 2012
	£'000
Accruals and deferred income	102

9 Creditors: amounts falling due after more than one year

	31 March 2012
	£'000
Shareholder loans	69,327
Accruals and deferred income	906
	70,233

Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012 (continued)

9 Creditors: amounts falling due after more than one year (continued)

Maturity of financial liabilities

	31 March 2012
	£'000
In one year or less, or on demand	-
In more than one but less than five years	2,308
In more than five years	85,432
	87,740
Unamortised issue costs	(5,952)
Unamortised discount	(12,461)
	69,327

Shareholder loans at 31 March 2012 are loans with the following terms and conditions

- Mezzanine loan of £20,562,000, including accrued interest of £562,000, carries interest at 9.5% fixed and is repayable by instalments starting on 31 March 2015 with the final instalment due on 19 March 2030. The amount recognised is net of issue costs charged of £2,534,000, with £2,498,000 remaining unamortised as at 31 March 2012.
- Subordinated loans of £67,178,000, including accrued interest of £1,094,000, which were issued at a discount, bear interest at 6% and 4.78% fixed until 15 December 2014 and 10.5% thereafter. They are repayable by instalments starting on 31 March 2027 with the final repayment due on 31 March 2032. The amount recognised is net of issue costs charged and discount of £3,500,000 and £12,625,000 respectively, with £3,454,000 of issue costs and £12,461,000 of discount costs remaining unamortised as at 31 March 2012.

Mezzanine lenders have security over all assets (property, assets, revenues and rights) pursuant to the Mezzanine Debenture documents. Subordinated lenders are junior creditors.

Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012 (continued)

10 Called up share capital

31
March 2012

£'000

Allotted and fully paid

1 ordinary share of £1 each	-
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During the period 1 £1 ordinary share was issued to Tramlink Nottingham (Holdings) Limited at par for cash consideration

11 Profit and loss account

£'000

On incorporation	-
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Profit for the financial period	-
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At 31 March 2012	-
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12 Reconciliation of movement in shareholders' funds

31
March 2012

£'000

Profit for the financial period	-
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Proceeds from the issue of ordinary share capital	-
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Net increase to shareholders' funds	-
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Opening shareholders' funds on incorporation	-
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Closing shareholders' funds at 31 March 2012	-
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Tramlink Nottingham (Finco) Limited

Notes to the financial statements for the 17 week period ended 31 March 2012 (continued)

13 Related party disclosures

	Transactions during the period	Debtor/ (creditor) as at 31 March 2012
	£'000	£'000
Loan and interest		
Meridiam Infrastructure NET s a r l, a shareholder in Tramlink Nottingham (Holdings) Ltd – Mezzanine and Subordinated loans	806	(39,240)
Infravia NET S A, a shareholder in Tramlink Nottingham (Holdings) Ltd - Mezzanine and Subordinated loans	538	(26,160)
Finance costs		
Meridiam Infrastructure NET s a r l, a shareholder in Tramlink Nottingham (Holdings) Ltd – arrangement fee on Mezzanine and Subordinated loans and agency fee	2,828	-
Infravia NET S A, a shareholder in Tramlink Nottingham (Holdings) Ltd - arrangement fee on Mezzanine and Subordinated loans	1,875	-

The above related party transactions represent all transactions and balances with shareholders who are deemed to have significant influence under FRS 8

14 Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Tramlink Nottingham (Holdings) Limited, a company incorporated in Great Britain and registered in England and Wales. Tramlink Nottingham (Holdings) Limited is the smallest and largest group to consolidate the results of the company. Copies of Tramlink Nottingham (Holdings) Limited consolidated financial statements can be obtained from the company secretary at Second floor, St James Place House, 7 Castle Quay, Castle Boulevard, Nottingham, NG7 1FW.

Tramlink Nottingham (Holdings) Limited's ordinary share capital is jointly owned in the following proportions by

Meridiam Infrastructure NET s a r l, - 30.001%

Infravia NET S A – 19.999%

Vinci Investments Ltd – 12.5%

Wellglade Ltd – 12.5%

Keolis (UK) Ltd – 12.5%

Alstom UK Holdings Ltd – 12.5%

There is no ultimate or controlling party of Tramlink Nottingham (Holdings) Limited