Tramlink Nottingham (Finco) Limited
Annual report and financial statements for the year ended 31 March 2016

Registered number 07865421



Tramlink Nottingham (Finco) Limited

Annual report and financial statements for the year ended 31 March 2016

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Tramlink Nottingham (Finco) Limited

Directors and advisors

Directors

Mr R Ashcroft
Mr J P Bonnet
Mr S Rodriguez Casado
Mr A De Monts de Savasse
Mr A J F Gordon
Mr B R King
Mr F E Long
Mr P Richardson

Secretary

Mr J B Simon

Registered office

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

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

Bankers

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

Tramlink Nottingham (Finco) Limited

Strategic report
for the year ended 31 March 2016

The directors present their strategic report and the audited financial statements for the year ended 31 March 2016.

Principal activity
The principal activity of the company during the year 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.

Results and dividends
The company's result for the financial year amounted to £Nil (2015: £Nil).

The directors have not declared or paid an interim dividend during the year (for the year ended 31 March 2015: £nil). They do not recommend a final dividend (for the year ended 31 March 2015: £nil).

Review of business and future developments
No changes to the company's activities are expected in the foreseeable future.

The project commenced on 15 December 2011. NET Phase Two became operational on 25 August 2015.

The company has received subordinated funds from the sponsors and passed them through to Tramlink Nottingham Limited.

This report was approved by the board on 28TH July 2016 and signed on its behalf.

On behalf of the Board

Peter Richardson
Director

Tramlink Nottingham (Finco) Limited

Directors' report
for the year ended 31 March 2016

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

Going concern

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 year and subsequently up to the date of signing the financial statements, are given below:

Mr R Ashcroft
Mr J P Bonnet (appointed 19 January 2016)
Mr L Both (various appointments and resignations during the year, with the final resignation on 31 March 2016)
Mr S Rodriguez Casado (appointed 1 March 2016)
Mr A De Monts de Savasse
Mr D J Finch (resigned 19 January 2016)
Mr A J F Gordon
Mr R S Harrison (resigned 2 April 2015)
Mr P G Hewitt (appointed 7 April 2015, resigned 18 December 2015)
Mr B R King
Mr F E Long
Mr M L Peller (resigned 1 March 2016)
Mr P Richardson (appointed 4 January 2016)

Directors' report
for the year ended 31 March 2016 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 comprising Financial Reporting Standard 102 "The Financial Reporting Standard applied in the UK and Republic of Ireland" (FRS 102) 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, 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

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- each director 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office. This report was approved by the board on 28TH JULY 2016 and signed on its behalf.

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

On behalf of the Board

Peter Richardson
Director

Tramlink Nottingham (Finco) Limited

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

Report on the financial statements

Our opinion

In our opinion, Tramlink Nottingham (Finco) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements included within the Annual Report and Financial Statements (The "Annual Report") comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Paul Nott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

2 August 2016

Tramlink Nottingham (Finco) Limited

Profit and loss account
for the year ended 31 March 2016

	Note	**Year ended 31 March 2016**	Year ended 31 March 2015
		£'000	£'000
Operating result	4	**-**	-
Interest receivable and similar income	5	**13,949**	9,395
Interest payable and similar charges	6	**13,949**	9,395
Result on ordinary activities before taxation		**-**	-
Tax on result on ordinary activities	7	**-**	-
Result for the financial year		**-**	-

Retained profit/(losses) 1 April	-	-
Retained profit/ (losses) 31 March	-	-

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

The company has no other comprehensive income other than the results for the years stated above and therefore no separate statement of comprehensive income has been presented.

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

Tramlink Nottingham (Finco) Limited

Balance sheet
as at 31 March 2016

	Note	31 March 2016 £'000	31 March 2015 £'000
Current assets			
Debtors: amounts falling due within one year	8	**4,121**	11,731
Debtors: amounts falling due after more than one year	9	**100,896**	101,469
		105,017	113,200
Creditors: amounts falling due within one year	10	**(4,121)**	(11,731)
Net current assets		**100,896**	101,469
Total assets less current liabilities		**100,896**	101,469
Creditors: amounts falling due after more than one year	11	**(100,896)**	(101,469)
Net assets		**-**	-
Capital and reserves			
Called up share capital	12	**-**	-
Retained earnings		**-**	-
Total equity		**-**	-

The financial statements on pages 7 to 15 were approved by the board of directors on 28TH JULY 2016 and were signed on its behalf by:

Peter Richardson
Director

Tramlink Nottingham (Finco) Limited **Registered number: 07865421**

Notes to the financial statements for the year ended 31 March 2016

1. General information

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Second floor St James Place House, 7 Castle Quay, Castle Boulevard, Nottingham, NG7 1FW.

The company serves 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.

2. Statement of compliance

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

3. Summary of significant 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 preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Going concern

At the balance sheet date the company had net assets of £Nil (2015: £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.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Company is included in the consolidated financial statements of Tramlink Nottingham (Holdings) Limited, which include a consolidated cash flow statement;
(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7; and

Notes to the financial statements for the year ended 31 March 2016 (continued)

Exemptions for qualifying entities under FRS 102 (continued)

(iii) from certain financial instrument disclosures, provided equivalent disclosures are provided in the consolidated financial statements of the group.

Financial assets

Basic financial assets, which include trade and other debtors and cash, are initially recognised at transaction prices and are subsequently carried at amortised cost using the effective interest method. At the end of each period, financial assets are assessed for objective evidence of impairment, and if such an impairment is identified, the impairment loss is recognised in the profit and loss account.

Financial liabilities

Basic financial liabilities, which include trade and other creditors, bank loans and overdrafts and amounts owed to group undertakings, are recognised initially at fair value and subsequently at amortised cost using the effective interest method. The effective interest rate is computed taking account of all finance costs incurred over the life of the debt, including initial costs of issuing the debt.

Deferred taxation

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

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that has been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

Related party disclosures

The company has taken advantage of the exemption under FRS 102 Section 33 A - 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.

There are no accounting judgements or estimates that the directors believe are significant in the context of these financial statements.

4. Operating result

The company did not have any employees during the year (2015: Nil) other than directors on service contracts.

The directors did not receive any emoluments in respect of their services to the company during the year (2015: £Nil).

Fee payable to the company's auditors amounted to £3,000 (2015: £3,000) and have been incurred by Tramlink Nottingham Limited and not recharged to the company.

5. Interest receivable and similar income

	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£'000
Interest and similar income receivable from group undertakings	**12,858**	8,334
Amortisation of discounts	**656**	656
Amortisation of debt issue costs	**435**	405
	13,949	9,395

6. Interest payable and similar charges

	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£'000
Interest and similar charges payable to shareholders	**12,858**	8,334
Amortisation of discounts	**656**	656
Amortisation of debt issue costs	**435**	405
	13,949	9,395

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

7. Tax on result on ordinary activities

	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£'000
Current tax charge UK Corporation tax	**-**	-
Deferred tax	**-**	-
Total tax charge	**-**	-

7. Tax on result on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax for the year is equal (year ended 31 March 2015: equal) to the standard rate of corporation tax in the UK of 20% (year ended 31 March 2015: 21%) as explained below.

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Result on ordinary activities before taxation	-	-
Result on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (31 March 2015: 21%)	-	-
Total tax charge	-	-

The main rate of corporation tax in the United Kingdom was reduced from 20% from 1 April 2015 and stays 20% from 1 April 2016.

The proposed changes do not have a material impact on the financial statements.

The Company has no recognised or unrecognised deferred tax in the current year or prior year.

8. Debtors: amounts falling due within one year

	31 March 2016 £'000	31 March 2015 £'000
Amounts owed by group undertakings	**4,117**	11,712
Trade debtors	-	7
Prepayments and accrued income	**4**	12
	4,121	11,731

Amounts owed by group undertakings at 31 March 2016 consist of an intercompany loan with a par value of £4,211,000 which is shown above net off issue costs of £94,000 (2015: £11,815,000 which is shown above net off issue costs of £103,000) due from Tramlink Nottingham Limited with the following terms and conditions:

- Mezzanine loan of £2,591,000 (2015: £2,123,000), including rolled up interest of £297,000 (2015: £344,000) carries interest at 9.5% fixed and is repayable on 30 September 2016 and 31 March 2017. The amount recognised is net of issue costs charged of £134,000 with £94,000 (2015: £103,000) remaining unamortised as at 31 March 2016.
- Subordinated loans of £1,620,000 (2015: £9,692,000), including accrued interest of £1,620,000 (2015: £9,692,000), which were issued at a discount and bear interest at 10.5% fixed.

9. Debtors: amounts falling due after more than one year

	31 March 2016	31 March 2015
	£'000	£'000
Amounts owed by group undertakings	**100,896**	101,469
	100,896	101,469

Amounts owed by group undertakings at 31 March 2016 are an intercompany loan with a par value of £115,962,000 which is shown above net off issue costs of £5,229,000 and discounts of £9,837,000 (2015: £117,617,000 which is shown above net off issue costs of £5,655,000 and discounts of £10,493,00) due from Tramlink Nottingham Limited with the following terms and conditions:

- Mezzanine loan of £24,264,000 (2015: £25,183,000), including rolled up interest of £5,323,000 (2015: £6,229,000), carries interest at 9.5% fixed and is repayable by instalments with a final instalment due on 19 March 2030. The amount recognised is net of issue costs charged of £2,400,000, with £1,679,000 (2015: £1,868,000) remaining unamortised as at 31 March 2016.
- Subordinated loans of £91,698,000 (2015: £92,434,000), including rolled up interest of £4,648,000 (2015: accrued interest of £4,323,000), which were issued at a discount, bear interest at 10.5% fixed. 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 £4,406,000 and £12,625,000 respectively, with £3,550,000 (2015: £3,787,000) of issue costs and £9,837,000 (2015: £10,493,000) of discount costs remaining unamortised as at 31 March 2016.

10. Creditors: amounts falling due within one year

	31 March 2016	31 March 2015
	£'000	£'000
Trade creditors	**-**	7
Shareholder loan	**4,117**	11,712
Accruals and deferred income	**4**	12
	4,121	11,731

Shareholder loans at 31 March 2016 are loans with the following terms and conditions:

- Mezzanine loan of £2,591,000 (2015: £2,123,000), including rolled up interest of £297,000 (2015: £344,000) carries interest at 9.5% fixed and repayable on 30 September 2016 and 31 March 2017. The amount recognised is net of issue costs charged of £134,000 with £94,000 (2015: £103,000) remaining unamortised as at 31 March 2016.
- Subordinated loans of £1,620,000 (2015: £9,692,000), including accrued interest of £1,620,000 (2015: £9,692,000), which were issued at a discount and bear interest at 10.5% fixed.

11. Creditors: amounts falling due after more than one year

	31 March 2016	31 March 2015
	£'000	£'000
Shareholder loan	**100,896**	101,469
	100,896	101,469

Shareholder loans at 31 March 2016 are loans with the following terms and conditions:

- Mezzanine loan of £24,264,000 (2015: £25,183,000), including rolled up interest of £5,323,000 (2015: £6,229,000), carries interest at 9.5% fixed and is repayable by instalments with the final instalment due on 19 March 2030. The amount recognised is net of issue costs charged of £2,400,000, with £1,679,000 (2015: £1,868,000) remaining unamortised as at 31 March 2016.
- Subordinated loans of £91,698,000 (2015: £92,434,000), including rolled up interest of £4,648,000 (2015: accrued interest of £4,323,000), which were issued at a discount, bear interest at 10.5% fixed. 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 £4,406,000 and £12,625,000 respectively, with £3,550,000 (2015: £3,787,000) of issue costs and £9,837,000 (2015: £10,493,000) of discount costs remaining unamortised as at 31 March 2016.

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

Maturity of financial liabilities

	31 March 2016	31 March 2015
	£'000	£'000
In one year or less, or on demand	**4,211**	11,815
In more than one but less than five years	**4,445**	5,638
In more than five years	**111,517**	111,979
	120,173	129,432
Unamortised issue costs	**(5,323)**	(5,758)
Unamortised discount	**(9,837)**	(10,493)
	105,013	113,181

12. Called up share capital

	31 March 2016	31 March 2015
	£'000	£'000
Allotted and fully paid		
1 (2015: 1) ordinary share of £1	-	-

13. Related party disclosures

	Transactions during the year	Debtor/ (creditor) as at 31 March 2016	Transactions during the year	Debtor/ (creditor) as at 31 March 2015
	£'000	£'000	£'000	£'000
Loan and interest				
Meridiam Infrastructure NET s.a.r.l, a shareholder in Tramlink Nottingham (Holdings) Ltd – Mezzanine and subordinated loans	**4,768**	**(43,622)**	3,404	(48,390)
Infravia NET S.A, a shareholder in Tramlink Nottingham (Holdings) Ltd – Mezzanine and subordinated loans	**3,178**	**(29,082)**	2,269	(32,260)
Finance costs				
Meridiam Infrastructure Managers s.a.r.l, a related party to a shareholder in Tramlink Nottingham (Holdings) Ltd – agency fee	**9**	**-**	21	7

The above related party transactions represent all transactions and balances with shareholders who are deemed to have significant influence under FRS 102 Section 33 A.

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 Transport UK (Holdings) Ltd – 12.5%.

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