

Registered Number 08403313

Blue3 (London) (Holdings) Limited

Directors' Report and Financial Statements
For the year ended 30 June 2016

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Blue3 (London) (Holdings) Limited

COMPANY INFORMATION

Directors	Adam G Waddington Angela L Roshier Phillippa J W Prongué Duncan R S MacDonald
Secretary	Beth Melges
Company Number	08403332
Registered Office	Tempsford Hall Sandy Bedfordshire SG19 2BD
Independent Auditors	PricewaterhouseCoopers LLP 141 Bothwell Street Glasgow G2 7EQ

Blue3 (London) (Holdings) Limited

STRATEGIC REPORT

1 Principal activities

Blue3 (London) (Holdings) Limited (the "Company") acts as an investment holding company, whose sole business is the holding of an investment in its wholly owned subsidiary, Blue3 (London) Limited.

The principal activities of Blue3 (London) Limited are to develop, service and maintain a set of nine fire stations in accordance with the terms of the Project Agreement with the London Fire and Emergency Planning Authority. This agreement, together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 1 August 2013. The concession period runs for a period of 25 years from the completion of the final station.

2 Business review and future developments

There have been no significant issues in relation to the construction of the fire stations and all the 9 stations were handed over to the London Fire and Emergency Planning Authority. This is a transition year for the Company from old UK GAAP to FRS 102 and results are restated and reported in accordance with section 34 para 34.12 to 34.16A of FRS 102. Details and reconciliation of transition to FRS102 is included in note 17 to the financial statements.

3 Results

The result for the financial year dealt with in the financial statements is £nil (2015: £nil).

4 Key performance indicators

The Company's results are measured against the original financial model, agreed as part of the financial close on 1 August 2013. Variances from the model are highlighted and reported to the board on a monthly basis.

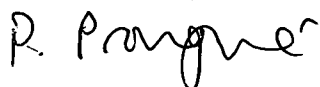
5 Principal risks and uncertainties

As this project is heavily geared there is the potential financial risk that interest rate fluctuations in the market could impact the project. However, as management have put in place fixed price debt instruments for the life of the project, at financial close this risk is deemed to be mitigated.

6 Going concern

The directors have reviewed the Company's projected cash flows which have been prepared on the basis of a detailed analysis of the group's finances and likely future demand trends. After consideration of these projections, the directors consider the group and Company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

By Order of the Board



Phillippa J W Prongué

Director

Date: 10 March 2017

Blue3 (London) (Holdings) Limited

DIRECTORS' REPORT

The directors present their Directors' Report and the audited financial statements for the year ended 30 June 2016.

1 Dividends

The directors do not recommend the payment of a dividend (2015: £Nil).

2 Directors

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

Adam G Waddington
Angela L Roshier
Phillippa J W Prongué
Philip J D Woods (Resigned 25 May 2016)
Duncan R S MacDonald (Appointed 25 May 2016)

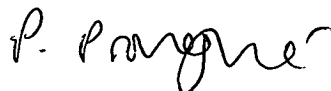
3 Disclosure of information to auditors

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each of us has taken all the steps that he or she ought to have taken in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

4 Auditor

PricewaterhouseCoopers LLP were appointed as auditors to the Company during 2015 and have indicated their willingness to continue in office.

On behalf of the Board



Phillippa J W Prongué

Director

Date: 10 March 2017

Blue3 (London) (Holdings) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 group and 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 United Kingdom Accounting Standards, including 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Blue3 (London) (Holdings) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLUE3 (LONDON) (HOLDINGS) LIMITED

Report on the financial statements

Our opinion

In our opinion, Blue3 (London) (Holdings) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 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 Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 June 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity 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 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.

Blue3 (London) (Holdings) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLUE3 (LONDON) (HOLDINGS) 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 5, 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.



Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

16 March 2017

Blue3 (London) (Holdings) Limited

Statement of Comprehensive Income For the year ended 30 June 2016

	Note	2016 £'000	2015 £'000
Finance income	3	171	-
Finance cost	3	(171)	-
Operating result		-	-
Tax on result on ordinary activities		-	-
Result for the financial year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

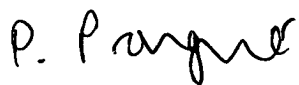
The notes on pages 10 to 12 form part of these financial statements.

Blue3 (London) (Holdings) Limited

BALANCE SHEET As at 30 June 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments	6	10	10
Current assets			
Debtors: amounts falling due within one year	7	77	-
Debtors: amounts falling due after more than one year	7	4,187	-
Total assets		4,274	10
Current liabilities			
Creditors: amounts falling due within one year	8	(77)	-
Total assets less liabilities		4,197	10
Creditors: amounts falling due after more than one year	8	(4,187)	-
Net assets		10	10
Capital and reserves			
Called up share capital	9	10	10
Profit and loss account		-	-
Total Equity		10	10

The financial statements were approved by the board on 10 March 2017 and were signed on its behalf by:



Phillippa J W Prongué
Director

Registered Number: 08403313

The notes on pages 10 to 12 form part of these financial statements.

Blue3 (London) (Holdings) Limited

STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2016

	Called up share capital £000	Profit and loss account £000	Total Equity £000
Balance as at 1 July 2014	10	-	10
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2015	10	-	10
Result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2016	10	-	10

The notes on pages 10 to 12 form part of these financial statements.

Blue3 (London) (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General information

Blue3 (London) (Holdings) Limited (the "Company") is an investment holding company, whose sole business is the holding of an investment in its wholly owned subsidiary, Blue3 (London) Limited.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office Tempsford Hall, Sandy, Bedfordshire SG19 2BD.

Basis of preparation

The financial statements of Blue3 (London) (Holdings) 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 Companies Act 2006.

Transition to FRS 102

The Company transitioned from previous UK GAAP to FRS 102 as at 1 July 2014. Details and reconciliation of how FRS 102 has affected the reported financial position and financial performance is included in note 11.

Under section 7 of FRS 102 and para 3.17 (d) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities at fair value. No accounting estimates have been used in the preparation of these financial statements.

Investments

Investments in subsidiary undertakings are held at cost less provision for impairment.

Financial instruments

The company only enters into basis financial transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measure any impairment loss is the current effective interest rate determined under the contract.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Interest receivable and payable

Interest receivable is accounted for by applying the effective interest rate to the outstanding loan balance over a time period basis; this income is charged to the profit and loss as incurred.

Interest payable is calculated by applying the effective interest rate to the Company's outstanding loan balance over a time period basis; this cost is charged to the profit and loss as incurred.

Blue3 (London) (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Judgement in applying accounting policies and key source of estimation uncertainty

Investments in subsidiaries are measured at cost less accumulated impairment. The value of the subsidiary Company at each balance sheet date is assessed to consider whether the current value held is appropriate.

3. Operating results

The audit fee is paid by the company's 100% subsidiary, Blue3 (London) Limited. The directors estimate the fee attributable to the company to be £1,500 (2015: £1,500).

4. Finance income and cost

The Company has recognised the subordinated debt interest receivable from its subsidiary (Blue3 (London) Limited) and due to its shareholders as both interest receivable and interest payable in this year's financial statements which totals £171k (2015: £nil).

5. Directors and employees

The directors received no remuneration during the year (2015: £nil).
The company has no employees (2015: nil).

6. Investments

	2016 £'000
Cost	
Balance at 1 July 2015 and 30 June 2016	<u>10</u>

The Company's subsidiary, Blue3 (London) Limited was acquired on 14 February 2013 for book value and is wholly owned. The Company owns 100% of the issued ordinary share capital of this company whose activity is set out in the Directors' report. Blue3 (London) Limited made a profit of £299k in the year ended 30 June 2016 (2015: loss of £8k) and its net assets on that date were £14k (2015: (£286k)).

7. Debtors

	2016 £'000	2015 £'000
Debtors: amounts falling due within one year	77	-
Debtors: amounts falling due after more than one year	4,187	-
	<u>4,264</u>	<u>-</u>

The Company has advanced sub-ordinated loan facility to its subsidiary Blue3 (London) Limited for £4,264k. The advance is repayable from 01 July 2016 to 31 January 2040.

	2016 £000
Amounts repayable are due as follows:	
Within one year	77
In more than one year but not more than two years	79
In more than two years but not more than five years	265
In more than 5 years	3,843
	<u>4,264</u>

Blue3 (London) (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Creditors

	2016 £'000	2015 £'000
Creditors: amounts falling due within one year	77	-
Creditors: amounts falling due after more than one year	4,187	-
	<u>4,264</u>	<u>-</u>

Sub-ordinated loan facility outstanding at 30 June 2016 is £4,264k and is repayable from 01 July 2016 to 31 January 2040.

	2016 £000
Amounts repayable are due as follows:	
Within one year	77
In more than one year but not more than two years	79
In more than two years but not more than five years	265
In more than 5 years	3,843
	<u>4,264</u>

9. Called up capital

	2016 £'000	2015 £'000
Authorised; allotted and fully paid		
10,000 (2015: 10,000) ordinary shares of £1 each	<u>10</u>	<u>10</u>

10. Ultimate holding company

Blue3 (London) (Holdings) Limited is a company incorporated in the United Kingdom and registered in England and Wales. The share capital of Blue3 (London) (Holdings) Limited is held 50% by Kier Project Investment Limited (the ultimate holding company being Kier Group plc) and 50% by DIF Infrastructure II UK Limited (the ultimate holding company being DIF Infrastructure II B.V.).

Kier Project Investment Limited and DIF Infrastructure II UK Limited are incorporated in the United Kingdom and registered in England and.

11. Transition to FRS 102

The policies applied under the Company's previous account framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.