LOUISECO LTD

ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR YEAR ENDED
31 DECEMBER 2014

Registered Number 8463520

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

	Page
Directors and advisors	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report to the members of Louiseco Limited	5
Income statement	6
Statement of financial position	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10 - 19

DIRECTORS AND ADVISORS

Directors
V L Everett
J J Griffin (nee Gibbins)
J Pritchard
J Hames

Company secretary and registered office
M Lewis
1 Kingsway
London
WC2B 6AN

Auditor
Deloitte LLP
Chartered Accountants
London

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The Company's principal activity is to as an investor in Public Private Partnership ("PPP") schemes. The Company holds 11 operational assets, which are operating facilities in hospitals, schools, street lighting and in the regeneration and social housing sector.

BUSINESS REVIEW

The Company currently holds a portfolio of 11 operational assets. The business activity for the year relates to maintaining the investments. During the year, the Company received revenues from its investments in the form of dividend. The Company reports a profit after tax for the year of £3,776k (period ended 31 December 2013: profit of £494k) and a positive movement in investments at fair value of £2,593k (period ended 31 December 2013: positive movement of £282k).

The Company reports under the International Financial Reporting Standards ("IFRS") and the Directors have concluded that the Company demonstrates the characteristics and meets the requirement to be considered an investment entity. In December 2014, the International Accounting Standard Board ("IASB") issued amendments to IFRS 10, IFRS 12 and IAS 28 related the application of 'investment entities'. The Company recognises its investments in PPP assets as investments at fair value through profit or loss rather than at book value.

The Company's undertakings are held at fair value in the Statement of Financial Position with movement recorded through the Income Statement as detailed in note 2. In order to determine the fair value of these investments, the Company takes into consideration the fair value of the underlying portfolio of companies and intermediate holding companies.

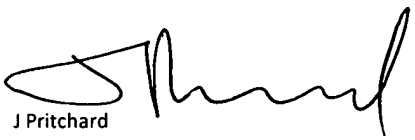
There have been no events subsequent to 31 December 2014 which require adjustment of or disclosure in the financial statements or notes thereto.

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's relationships with its immediate parent. More information is provided in note 1 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk faced by the Company is credit risk in relation to its investment. Credit risk is mitigated by the Company holding an investment in PPP projects, which are supported by central and local government bodies.

On behalf of the Board



J Pritchard
Director
6 July 2015

DIRECTORS' REPORT

The Directors submit their Annual Report and audited financial statements for the year ended 31 December 2014.

The Company is a limited company incorporated in England. The Company is wholly owned by JLIF Investments Limited, which in turn is wholly owned by JLIF Limited Partnership, the limited partner of which is JLIF LuxCo 2 S.á.r.l. The limited partner is an indirectly wholly owned subsidiary of John Laing Infrastructure Fund Limited. The Company invests in PPP infrastructure projects in the UK.

DIRECTORS

The Directors who served throughout the year are shown on page 1.

EMPLOYEES

The Company had no employee during the year (period ended 31 December 2013: none).

AUDITOR

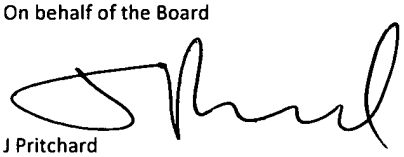
Each of the persons who is a Director at the date of approval of this report confirms that:

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

Deloitte LLP were appointed auditors at a meeting of the Board of Directors. Deloitte LLP have indicated their willingness to be reappointed as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board



J Pritchard
Director
6 July 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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 such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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 year. 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; and

- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOUISECO LTD

We have audited the financial statements of Louiseco Ltd for the year ended 31 December 2014 which comprise the Income Statement, the Statement of Financial Position, Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 17.

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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

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 in 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.

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 2014 and of its profit for the year ended;
- have been properly prepared in accordance with International Financial Reporting Standards 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 Strategic Report and 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.

Jacqueline Holden FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
6 July 2015

INCOME STATEMENT

for the year ended 31 December 2014

	Notes	2014 £'000s	Period from 27 March 2013 to 31 December 2013 £'000s
Dividend Income		1,183	212
Net gain on investments at fair value through profit or loss	6	2,593	282
Operating income		**3,776**	494
Operating profit	4	**3,776**	494
Profit before tax		**3,776**	494
Tax	5	-	-
Profit for the year / period		**3,776**	494

All results are derived from continuing operations.

There are no items of Other Comprehensive Income in the reported period, and therefore no separate Statement of Comprehensive Income has been presented.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Notes	2014 £'000s	2013 £'000s
Non-current assets			
Investments at fair value through profit or loss	6	89,351	86,758
Total non-current assets		**89,351**	86,758
Current assets			
Trade and other receivables	7	1,890	707
Total current assets		**1,890**	707
Total assets		**91,241**	87,465
Net assets		**91,241**	87,465
Equity			
Share capital	9	-	-
Share premium account	10	86,971	86,971
Retained earnings	11	4,270	494
Equity attributable to owners of the Company		**91,241**	87,465
Total equity		**91,241**	87,465

The financial statements of Louiseco Ltd, registered number 8463520, were approved by the Board of Directors and authorised for issue on 6 July 2015, They were signed on its behalf by:

J Pritchard
Director
6 July 2015

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

Statement of Changes in Equity in 2014

	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total equity £'000s
Balance at 1 January 2014	-	86,971	494	87,465
Profit for the year	-	-	3,776	3,776
Total comprehensive income for the year	**-**	**-**	**3,776**	**3,776**
Balance at 31 December 2014	**-**	**86,971**	**4,270**	**91,241**

Statement of Changes in Equity for the period from 27 March 2013 to 31 December 2013

	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total equity £'000s
Balance at 27 March 2013	-	-	-	-
Profit for the period	-	-	494	494
Total comprehensive Income for the period	-	-	494	494
Ordinary shares issued	-	86,971	-	86,971
Balance at 31 December 2013	-	86,971	494	87,465

CASH FLOW STATEMENT
for the year ended 31 December 2014

		2014 £'000s	Period from 27 March 2013 to 31 December 2013 £'000s
Profit from operations		3,776	494
Adjustments for:			
Net gain on investments at fair value through profit or loss	6	(2,593)	(282)
Operating cash flows before movements in working capital		**1,183**	212
Increase in receivables		(1,183)	(212)
Cash inflow from operations		-	-
Net cash inflow from operating activities		-	-
Net cash and cash equivalents in the year/period		-	-
Cash and cash equivalents at beginning of the year/period		-	-
Cash and cash equivalents at end of the year/period		-	-

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to fair value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

1 GENERAL INFORMATION

The Company is wholly owned by JLIF Investments Limited, which in turn is wholly owned by JLIF Limited Partnership, the limited partner of which is JLIF LuxCo 2 S.á.r.l. The limited partner is an indirectly wholly owned subsidiary of John Laing Infrastructure Fund Limited. The Company invests in PPP infrastructure projects in the UK.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards and the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) as adopted by the European Union.

The Company has considered the need to prepare consolidated financial statements, however, the Company meets the definition of an Investment Entity under IFRS 10 Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) and as a result, the Company has not prepared consolidated financial statements and instead recognises its investments in PPP assets as Investments at fair value through profit or loss rather than at book value.

A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the period, is shown below.

The financial statements have been prepared on the historical cost basis, except financial assets which are stated at their fair value through profit or loss. The principal accounting policies are set below.

Investments

Investments in subsidiaries
The Company is required under Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) to measure its investments in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment-related services or activities. The Company measures its investments in PPP assets in accordance with IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change.

Investments in joint ventures and associates

The Company meets the definition in IAS 28 (May 2011) Investments in Associates and Joint Ventures of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint-venture and associates at fair value through profit or loss. The Company therefore measures its interest in joint ventures and associates at fair value in accordance with IAS39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change.

b) Going concern

Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company has investments in 11 operational PPP Project Company which yield dividends. The cash flow from the projects yield comfortably covers the Company's expected cash flow requirements for overheads.

The Company's forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the Company expects to be able to continue to operate.

Certain risks and uncertainties, as detailed in the note 16 have been considered by the Board. The Board has concluded that these do not represent a significant threat to the Company as its income is generated from a PPP concession which is supported by government backed cash flows and are forecast to cover the Company's committed costs.

The Directors, at the time of approving the financial statements, are satisfied that the Company have adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c) **Revenue recognition**

(i) Dividend income

Dividend income is recognised when the Company's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when paid by the PPP project company.

(ii) Gains on investments at fair value through profit or loss

Gains or losses that arise from the movement in the fair value of investments are presented separately from interest income and dividend income above.

Revenue excludes the value of intra-group transactions and VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income Statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) **Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS13 'Fair Value Measurement'.

i) Financial assets
The Company classifies its financial assets in the following categories: fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Investments at fair value through profit or loss
Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. The Company's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating income in the Income Statement.

The Company's investments comprises both equity and debt. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value we have considered observable market transactions and have measured fair value using assumptions that market participants would use when pricing the asset including assumptions regarding risk. The debt and equity are considered to have the same risk characteristics. As such the debt and equity form a single class of financial instrument for the purposes of disclosure. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 'Fair Value Measurement'.

Investments in subsidiaries
The Company is required under Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) to measure its investments in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment-related services or activities. The Company measures its investments in PPP assets in accordance with IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change.

Investments in joint ventures and associates
The Company meets the definition in IAS 28 (May 2011) Investments in Associates and Joint Ventures of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint ventures and associates at fair value through profit or loss. The Company therefore measures its interests in joint ventures and associates at fair value in accordance with IAS39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

a) Equity instruments - share capital and share premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or associated with the establishment of the Company that would otherwise have been avoided are written off against the balance of the share premium account.

b) Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising of:

- Loans and borrowings are recognised initially at fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loan and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

- Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

iii) Fair value estimation

The fair value of financial instruments that are not traded in active markets is derived in one of three ways:

a) Investments at fair value through profit or loss

Fair value is calculated by discounting future cash flows from investments in equity (dividends), to the Company at an appropriate discount rate. The basis of discount rates are long run average government bond rates adjusted for an appropriate premium to reflect PPP specific risk. Risk premia are then added to this adjusted base gilt rate depending on the phase of the project. The discount rates that have been applied to the investments at 31 December 2014 were in the range of 7.40% to 8.54% (period ended 31 December 2013: 7.50% to 8.85%). Refer to note 6 for details of the areas of estimation in the calculation of the fair value.

b) Loans and receivables, borrowings and payables

Loans and borrowings are held at amortised cost.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investments at fair value through profit or loss

Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to risk free rates, specific risks and the evidence of recent transactions. The Directors have satisfied themselves that the PPP investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

4. OPERATING PROFIT

The operating profit is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for Louiseco Limited of £3,000 (period ended 31 December 2013: £2,000) has been borne by JLIF Investments Limited, who will not seek recovery from the Company .

The Company had no employees other than directors for the year (period ended 31 December 2013: none). There was no directors' remuneration for the year (period ended 31 December 2013: £nil).

5. TAX

Factors affecting tax charge for the year

	2014 £'000s	Period from 27 March 2013 to 31 December 2013 £'000s
Profit on ordinary activities before taxation	**3,776**	494
Profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	**812**	114
Tax effect of		
Non-taxable UK dividends received	**(255)**	(49)
Net gain on investments at FV through Profit and loss	**(557)**	(65)
Total current tax for the year/period	**-**	-

The Finance Act 2013 was enacted on 17 July 2013 implementing a reduction in the main UK corporation tax rate from 23% to 21% effective from 1 April 2014, with a further deduction of 1% to 20% from 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 £'000s	Period from 27 March 2013 to 31 December 2013 £'000s
Opening balance	**86,758**	-
Acquisitions	**-**	86,476
Dividends received from investments*	**(1,183)**	(212)
Unwind of discount rates and other movements*	**3,776**	494
Carrying amount at 31 December	**89,351**	**86,758**

*Net gain on investments at fair value through profit or loss for the year is £2,593,000 (period ended 31 December 2013: gain of £282,000).

The Ultimate Parent Company's Investment Advisor has carried out fair market valuations of the investments as at 31 December 2014. The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. The investments are all investments in PPP projects and are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the methodology used to value the Investments since the launch of the ultimate parent company John Laing Infrastructure Fund Limited in 2010. Discount rates applied range from 7.40% to 8.54% (2013 - 7.50% to 8.85%).

The following economic assumptions were used in the discounted cash flow valuations:

	2014	2013
Inflation rates (UK)	**2.75%**	2.75%
Deposit interest rates (UK)	**1% for 2015 rising to 3.5% from 2018**	1% for 2015 rising to 3.5% from 2018

The changes to the main rate of corporation tax for UK companies announced in UK finance act 2013 were substantively enacted by the UK Government on 17 July 2013. The main corporation tax rate was reduced by 1% to 20% from 1 April 2015 . The reduction to 20% is reflected in the fair value of the UK investments and as such within the financial statements.

The fair value of the investment would be an estimated £10.9 million higher or £9.5 million lower (2013: £nil higher or £nil lower) if the discount rate used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation. The weighted average discount rate for the ultimate parent's PPP portfolio including this investment as at 31 December 2014 was 7.94% (2013: 8.18%).

The fair value of the PPP investment would be an estimated £3.9 million higher (2013: £3.4 million higher) if the inflation rate used in the discounted cash flow analysis was an absolute 1% higher than that used in the fair value calculation, and £4.4 million lower (2013: £3.3 million lower) if the inflation rate was an absolute 1% lower. The inflation rate assumed for all future periods from 31 December 2014 was 2.75% (2013 - 2.75%) for the projects.

The fair value of the PPP investments would be an estimated £2.3 million higher or £3.0 million lower (2013: £1.8 million higher or £1.8 million lower) if the deposit rates used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation. The deposit rates assumed for all future periods from 31 December 2014 were 1% for 2015, gradually rising to 3.5% from 2018 for the projects.

Details of the investment recognised at fair value through profit or loss was as follows:

Investments (project name - see note 15 for further details)	**% holding 31 December 2014 Equity**	% holding 31 December 2013 Equity
IIC (C&T) Limited	**60.0%**	60.0%
IIC Northampton Limited	**100.0%**	100.0%
Bristol PFI Limited	**37.5%**	37.5%
Investors in the Community (Bexley Schools) Limited	**100.0%**	100.0%
Investors in the Community (Leeds Schools) Ltd	**100.0%**	100.0%
IIC By Education Peterborough Schools) Limited	**81.0%**	81.0%
Renaissance Miles Platting Limited	**33.3%**	33.3%
Barnet Lighting Services Limited	**85.0%**	85.0%
Lambeth Lighting Services Limited	**85.0%**	85.0%
Enfield Lighting Services Limited	**85.0%**	85.0%
Redcar & Cleveland Lighting Services Limited	**85.0%**	85.0%

There are no future loan stock or capital commitments on investments held at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

7. TRADE AND OTHER RECEIVABLES

	2014 £'000s	2013 £'000s
Amounts owed by group undertakings	1,890	707
	1,890	707

8. TRADE AND OTHER PAYABLES

The Company had no trade or other payable as at 31 December 2014.

9. SHARE CAPITAL

	2014 £'000s	2013 £'000s
Issued and fully paid		
49 ordinary shares of £1 each	-	-

The Company is authorised to issue an unlimited number of shares.

10. SHARE PREMIUM ACCOUNT

	2014 £'000s	2013 £'000s
Opening balance	86,971	-
Premium arising on issue of equity shares	-	86,971
	86,971	86,971

11. RETAINED EARNINGS

	2014 £'000s	2013 £'000s
Opening balance	494	-
Net profit for the period	3,776	494
	4,270	494

12. TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of John Laing Infrastructure Fund Limited, the Company has taken advantage of the exemption under IAS 24 (revised), 'Related party disclosures' not to provide information on related party transactions with other undertakings within the John Laing Infrastructure Fund Limited Group. Note 16 gives details of how to obtain a copy of the published financial statements of John Laing Infrastructure Fund Limited.

The following transactions took place between the Company and its subsidiaries and joint ventures during the year:

	2014 £'000s	2013 £'000s
Renaissance Miles Platting Holding Company Ltd		
Cash received		
Dividends	**188**	131
Income statement		
Dividends	**188**	131
Bristol PFI (Holdings) Ltd		
Cash received		
Dividends	**175**	81
Income statement		
Dividends	**175**	81
IIC (C&T) Limited		
Cash received		
Dividends	**819**	0
Income statement		
Dividends	**819**	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

13. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

Capital management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance.
The capital structure of the Company consist of net debt less cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves, share premium and retained earnings as disclosed in notes 9 to 11.

Gearing ratio

As at the reporting date, the Company had no outstanding debt.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and inflation risk), credit risk, liquidity risk, and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company's investment entities use derivative financial instruments to hedge certain risk exposures.

The financial risks of the Company's investments are hedged at the inception of a project. The various types of financial risk are managed as follows:

Market risk - interest rate risk

The Company's interest rate risk arises from within its investments.

Each PPP investment hedges its interest rate risk at the inception of a project. This will either be done by issuing a fixed rate bond or, if the project is bank financed, with fixed rate bank debt or variable rate debt which will be swapped into fixed rate by the use of interest rate swaps.

The fluctuations in interest rates impact the return from floating rate deposits and hence the income from investments at fair value through profit or loss. A 1% increase or decrease represents Management's assessment of the reasonable possible change in interest rates.

For a sensitivity analysis of investments at fair value through profit or loss, refer to Note 7.

Market risk - inflation risk

The investment will typically have part of its revenue and some of its costs linked to a specific inflation index at inception of the project. In most cases this creates a natural hedge, meaning a derivative does not need to be entered into in order to mitigate inflation risk. However, in a minority of cases where the investment has index-linked cash flows that fall outside of this natural hedge, the inflation risk in relation to those cash flows will be mitigated using RPI inflation swaps.

Credit risk

Credit risk is the risk that a counterparty of the Company, its intermediate holding companies or its PPP project companies will default on the contractual obligations they entered into. Credit risk is subsumed within the overall Company's performance risk.

The Company's parent mitigates its risk on cash investments and derivative transactions by only transacting with banking counterparties with high credit ratings assigned by international credit rating agencies (a minimum of Standard and Poor's A-1).

The Company, its 100% owned immediate subsidiary and the intermediate holding companies rely on the performance of their main counterparties where credit risk arises, mainly from the Group's investments in PPP projects

The performance risk arises from the PPP investments' inability to pay the forecast distributions as the Company relies on its PPP investments projects companies to perform adequately and return the expected yields.

Several factors could hinder this ability such as poor operational performance, exceptional expenditures, major maintenance overspend or an event that would affect the PPP project company's cover ratios. The Company's PPP investments are also dependant on the performance of their main operational contractors. The Company regularly monitors the contractors' concentration and financial strength.

Given the above factors, the Board does not consider it appropriate to present a detailed analysis of credit risk.

Liquidity risk

The Company adopts a prudent approach to liquidity management by maintaining sufficient cash and available committed facilities to meet its obligations. Due to the nature of its investment (PPP project) the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Company.

Capital risk

The Company's capital structure comprises its equity only (refer to the Statement of Changes in Equity). As at 31 December 2014 the Company had no outstanding debt (2013: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

13. FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial instruments by category:

	Financial assets at FVTPL*	
	2014	2013
	£'000s	£'000s
Non-current assets		
Investments at fair value through profit or loss (Level 3)	**89,351**	86,758
Total financial assets	**89,351**	86,758
Net financial instruments	**89,351**	86,758

** FVTPL = Fair value through profit or loss*

The above table provides an analysis of financial instruments that are measured subsequent to their initial recognition at fair value as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based

There were no transfers between Level 1 and 2 during the period.

Reconciliation of Level 3 fair value measurement of financial assets and liabilities

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 6. For financial assets at fair value through profit or loss, changing the discount rate used to value the underlying instruments would alter the fair value.
The investments at fair value through profit or loss, whose fair values include the use of level 3 inputs, are valued by discounting future cash flows from investments in equity (dividends) to the Company at an appropriate discount rate. The basis of each discount rate, which is a weighted average cost of capital, is a long run average government bond rates adjusted by an appropriate premium to reflect PPP specific risk, phase of he PPP project and counterparty credit risk. The weighted average discount rate applied was in the range of 7.40% to 8.54% (2013: 7.50% to 8.85%.) The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss.
The fair value of the investment would be an estimated £10.9 million higher or £9.5 million lower (2013: £nil higher or £nil lower) if the discount rate used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation. The weighted average discount rate for the ultimate parent's PPP portfolio including this investment as at 31 December 2014 was 7.94% (2013: 8.18%).

For a sensitivity analysis of Financial Assets at fair value through profit or loss, refer to Note 6.

14. GUARANTEES AND OTHER COMMITMENTS

As at 31 December 2014 the Company had no commitments (31 December 2013: none).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

15. DISCLOSURE - SERVICE CONCESSION ARRANGEMENTS

The Company holds an investment in service concession arrangements. The concessions requires the construction and operation of an asset during the concession period. The operation of the asset includes the provision of facilities management services. At the end of the concession period on the majority of the concessions the assets are returned to the concession provider. As at 31 December 2014 all the service concessions were fully operational.

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure of the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the service company to fulfil its requirements.

Sector	Company name	Project name	% owned	Short description of concession arrangement	Start date	End date	No. years	Project capex
Health								
	IIC (C&T) Limited	Realise Health LIFT (Colchester)	60%	Design, build, finance and operate a primary care centre in Colchester and a medical centre in Harwich	31-Jul-2004	30-Apr-2031	27	Construction of 2 medical buildings costing £39 million.
	IIC Northampton Limited	Northampton Mental Health	100%	Design, build, finance and operate a mental health facility in Northampton	31-Oct-2007	31-Oct-2037	30	Construction of hospital costing £39 million.
Education								
	Investors in the Community (Bexley Schools) Limited	Bexley Schools	100%	Design, build, finance and operate tow new secondary schools in Bexley, Kent.	20-Apr-2004	31-Oct-2030	27	New schools construction costing £33 million.
	Bristol PFI Limited	Bristol BSF	37.5%	Design, build, finance and operate four new secondary schools in Bristol.	31-Jul-2006	31-Aug-2034	28	New schools construction costing £132 million.
	IIC (Leeds Schools) Limited	Leeds Combined Secondary Schools	100%	Design, build, finance and operate six new secondary schools in Leeds.	30-Apr-2005	31-Jul-2033	28	Construction of 6 new secondary schools costing £115 million.
	IIC By Education Peterborough Schools) Limited	Peterborough Schools	81%	Design, build, finance and operate three new secondary schools in Peterborough.	31-Jul-2006	30-Sep-2037	31	Construction of 3 new secondary schools costing £55 million.
Regeneration								
	Renaissance Miles Platting Limited	Miles Platting Social Housing	33.3%	Refurbish, maintain and manage in excess of 1500 social housing properties in Manchester.	31-May-2007	31-Mar-2037	30	Refurbishment of existing buildings costing £89 million.
Street Lighting								
	Barnet Lighting Services Limited	Barnet Street Lighting	85%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £26 million.
	Lambeth Lighting Services Limited	Lambeth Street Lighting	85%	Installation and maintenance of street lighting.	30-Nov-2005	31-Dec-2029	24	Replacement column programme costing £16 million.
	Enfield Lighting Services	Enfield Street Lighting	85%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £27 million.
	Redcar & Cleveland Lighting Services	Redcar & Cleveland Street Lighting	85%	Installation and maintenance of street lighting.	31-Aug-2007	31-Dec-2029	22	Replacement column programme costing £22 million.

16. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent entity is the JLIF Investments Limited which is wholly owned by JLIF Limited Partnership, a partnership incorporated in England under the Limited Partnership Act 1907, which acts through its General Partner, JLIF (GP) Limited, a company registered in England. Both JLIF Investments Limited and JLIF Limited Partnership are incorporated in Great Britain and registered address is 1 Kingsway, London, WC2B 6AN.

The Company's ultimate parent and controlling entity is John Laing Infrastructure Fund Limited, a company incorporated in Guernsey, Channel Islands. Copies of the accounts of John Laing Infrastructure Fund Limited are available from the Company's website www.jlif.com.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

17. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Name of Subsidiaries and Joint Ventures	Place of Incorporation	Percentage of ownership interest	Financial year end	Net assets	Profit & Loss for the year
IIC (C&T) Limited*	United Kingdom	100%	30-Jun-14	895	661,053
Realise Health Ltd**	United Kingdom	60%	30-Jun-14	191,248	717,968
Investors in Health (C&T) Holdings Ltd**	United Kingdom	60%	30-Jun-14	624	699,934
Investors in Health (C&T1) Ltd**	United Kingdom	60%	30-Jun-14	43,483	218,407
Investors in Health (C&T2) Ltd**	United Kingdom	60%	30-Jun-14	1	-
IIC (Leeds Schools) Fund Investment Limited**	United Kingdom	100%	30-Jun-14	45,572	9,276
Investor in the Community (Leeds Schools) Subdebt Limited**	United Kingdom	100%	30-Jun-14	7,906	8,174
Investors in the Community (Leeds Schools) Holding Company Limited*	United Kingdom	100%	30-Jun-14	(589,800)	668,691
Investors in the Community (Leeds Schools) Limited**	United Kingdom	100%	30-Jun-14	100,000	-
Barnet Lighting Services Limited**	United Kingdom	85%	30-Jun-14	(855,286)	(42,449)
IIC Barnet Funding Investment Limited**	United Kingdom	100%	30-Jun-14	24,892	10,336
IIC Barnet Holding Company Limited*	United Kingdom	100%	30-Jun-14	142,786	-
IIC Barnet Subdebt Limited**	United Kingdom	100%	30-Jun-14	9,707	6,250
IIC Bristol Funding Investment Limited**	United Kingdom	100%	30-Jun-14	(5,243)	(27,833)
IIC Bristol Infrastructure Limited*	United Kingdom	100%	30-Jun-14	2,041	172,473
IIC Bristol Subdebt Limited**	United Kingdom	100%	30-Jun-14	2,897	286
Bristol PFI Development Ltd	United Kingdom	50%	31-Dec-14	4,080	357,761
IIC Bristol (Holdings) Ltd	United Kingdom	37.5%	31-Dec-14	10,000	469,000
Bristol PFI Ltd	United Kingdom	37.5%	31-Dec-14	(49,000)	266,000
Lambeth Lighting Services Limited**	United Kingdom	85%	30-Jun-14	(417,065)	61,367
IIC Lambeth Funding Investment Limited**	United Kingdom	100%	30-Jun-14	16,697	4,249
IIC Lambeth Holding Company Limited*	United Kingdom	100%	30-Jun-14	144,356	-
IIC Lambeth Subdebt Limited**	United Kingdom	100%	30-Jun-14	3,029	3,780
IIC Miles Platting Equity Limited*	United Kingdom	100%	30-Jun-14	1,670,001	206,667
IIC Miles Platting Funding Investment Limited**	United Kingdom	100%	30-Jun-14	443,083	61,543
IIC Miles Platting Subdebt Limited**	United Kingdom	100%	30-Jun-14	6,326	6,910
Renaissance Miles Platting Holding Company Ltd	United Kingdom	50%	30-Jun-14	60,000	545,000
Renaissance Miles Platting Ltd	United Kingdom	100%	30-Jun-14	241,110	476,204
IIC Education (Peterborough Schools) Limited**	United Kingdom	100%	30-Jun-14	(2,833,047)	(13,466)
IIC Education Peterborough Holding Co Limited*	United Kingdom	100%	30-Jun-14	853,770	-
IIC Peterborough Funding Investments Ltd**	United Kingdom	100%	30-Jun-14	14,219	5,877
IIC Peterborough Subdebt Limited**	United Kingdom	100%	30-Jun-14	5,215	4,990
IIC Enfield Funding Investment Limited**	United Kingdom	100%	30-Jun-14	26,771	(55,523)
IIC Enfield Holding Company Limited*	United Kingdom	100%	30-Jun-14	156,474	(128)
IIC Enfield Subdebt Limited**	United Kingdom	100%	30-Jun-14	12,659	6,425
Enfield Lighting Services Limited**	United Kingdom	85%	30-Jun-14	(756,041)	(40,049)
IIC Northampton (Pendereds) Limited**	United Kingdom	100%	30-Jun-14	25,000	-
IIC Northampton Funding Investment Limited**	United Kingdom	100%	30-Jun-14	141,178	20,110
IIC Northampton Holding Company Limited*	United Kingdom	100%	30-Jun-14	25,001	-
IIC Northampton Limited**	United Kingdom	100%	30-Jun-14	(842,370)	262,857
IIC Northampton Subdebt Limited**	United Kingdom	100%	30-Jun-14	19,186	7,978
Investors in the Community (Bexley Schools) Limited*	United Kingdom	100%	30-Jun-14	(690,781)	315,374
IIC Redcar & Cleveland Holding Company Limited*	United Kingdom	100%	30-Jun-14	180,629	-
IIC Redcar and Cleveland Funding Investment Limited**	United Kingdom	100%	30-Jun-14	13,581	9,237
IIC Redcar and Cleveland Subdebt Limited**	United Kingdom	100%	30-Jun-14	3,535	7,037
IIC Redcar and Cleveland Services Limited**	United Kingdom	85%	30-Jun-14	(41,273)	(16,039)

* Directly held subsidaries
** Indirectly held subsidiary
At 31 December 2014, none of the above subsidiaries are consolidated (2013: nil).