

Humber Gateway OFTO Intermediate Limited

Annual Report and Financial Statements

For the period ended 31 March 2017

Humber Gateway OFTO Intermediate Limited
Annual Report and financial statements
Contents



	Page
Company information	1
Strategic report	2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditors' report to the members of Humber Gateway OFTO Intermediate Limited	6
Income statement	7
Statement of Changes in Equity	8
Statement of financial position	9
Notes to the financial statements	10 - 13

**Humber Gateway OFTO Intermediate Limited
Company Information**

**HUMBER GATEWAY
OFTO**

Directors

R Collins
S L Jones
B R Walker
S Rooke

Company Secretary

S L Shutt

Auditor

KMPG LLP
15 Canada Square
London
E14 5GL

Bankers

SMBC
99 Queen Victoria Street
London
United Kingdom
EC4V 4EH

Registered office

6th Floor
350 Euston Road
Regents Place
London
United Kingdom
NW1 3AX

Registered number

10053342

**Humber Gateway OFTO Intermediate Limited
Strategic Report**

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Strategic Review

Humber Gateway OFTO Intermediate Limited (the Company) was incorporated in March 2016. It sold its entire ordinary share capital to Humber Gateway OFTO Holdings Limited. The Company's principal activity is an investment company, investing in Humber Gateway OFTO Limited by means of secured subordinated loan stock.

Review of the Business

The Company's principal activity is the provision of loan stock to Humber Gateway OFTO Limited. The results for the period are set out on page 7. The result for the period after taxation amounted to £Nil. This was in line with the Director's expectations for the period.

Loan stock refers to the secured investment in Humber Gateway OFTO Limited. The subordinated loan stock has been subscribed by Humber Gateway OFTO Intermediate Limited. The loan stock bears interest at a rate of 5.5% plus the higher of 1% and the change in RPIx and is repayable in instalments between 2017 and 2036. It is secured by second fixed and floating charges over the undertaking, property, assets and rights of the Company.

The net assets position as at 31 March 2017 is £100.

The Directors expect the Company to continue its operations for the foreseeable future.

Principal risks and uncertainties

The Directors do not believe that the Company is exposed to any significant Financial Risk. The Company's principal activity is as an investment company. The Company's asset is a loan to a PFI entity and the Director's believe that Humber Gateway OFTO Limited will have sufficient cash flows to repay the interest and principal on the Company's investment. In turn Humber Gateway OFTO Limited derives income from NGet. As it is a local government body it is deemed to be low risk.

Future Developments

There has been no indication of any significant future developments in the business.

This report was approved by the board on 27 July 2017 and signed by its order.



S L Shutt
Company Secretary

The Directors present their Annual Report together with the audited financial statements for the period ended 31 March 2017.

The following information has been disclosed in the Strategic Report:

- Principal activity and indication of likely future developments in the business
- Principal risks and uncertainties
- Key Performance Indicators

Returns and dividends

The audited financial statements for the period ended 31 March 2017 are set out on pages 7 to 13 . The Company's profit for the period after tax amounted to £nil. The Directors do not propose to pay a dividend in respect of the period ended 31 March 2017. The Directors expect the Company to continue its operations for the foreseeable future.

Going concern

The assessment of going concern is linked to that of the Humber Gateway Group, as its ability is dependent upon the financial performance of Humber Gateway OFTO Limited.

The Humber Gateway Group has substantial financial resources to cover its obligations to NGET, having arranged senior debt facilities and subordinated debt funding having been received from its shareholders at the start of the contract.

Accordingly, after making enquiries with the Humber Gateway Group, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the statement of accounting policies in the financial statements.

Share Capital

The issued share capital of the Company at 31 March 2017 was £1 consisting of 1 ordinary share of £1.

Directors

The Directors serving throughout the period and subsequently (unless otherwise indicated) were:

R Collins
S L Jones
B R Walker
S Rooke

No Director had any interest in the issued share capital of the Company or other Group Companies at 31 March 2017.

Humber Gateway OFTO Intermediate Limited
Registered number: 10053342
Directors' Report

HUMBER GATEWAY
OFTO

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Company Information

Humber Gateway OFTO Intermediate Limited is incorporated in Great Britain, registered in England and Wales and domiciled in the United Kingdom .

Company Secretary and Registered Office

The Company Secretary is Sarah L Shutt. The registered address is 350 Euston Road, Regent's Place, London NW1 3AX.

Auditor

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

- i) so far as the Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- ii) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself 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 provisions of s418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on ~~27~~ July 2017 and signed by its order.



S L Shutt
Company Secretary

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Humber Gateway OFTO Intermediate Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUMBER GATEWAY OFTO INTERMEDIATE LIMITED

We have audited the financial statements of Humber Gateway OFTO Intermediate Limited for the year ended 31 March 2017 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006. .

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.



Tom Eve (Senior Statutory Auditor)
for and behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

27 July 2017

Humber Gateway OFTO Intermediate Limited
Income Statement
for the period ended 31 March 2017

**HUMBER GATEWAY
OFTO**

	Notes	2017 £'000s
Revenue		-
Other operating expenses		-
Operating profit		<u>-</u>
Financial income	3	811
Financial expenses	3	(811)
Profit before taxation		<u>-</u>
Taxation	4	-
Profit attributable to equity shareholders		<u><u>-</u></u>

The notes on pages 10 to 13 form part of these financial statements.

The results reported above relate to continuing operations in the United Kingdom.

Humber Gateway OFTO Intermediate Limited
Statement of Changes in Equity
as at 31 March 2017

**HUMBER GATEWAY
OFTO**

	Called up share capital £'000s	Profit and loss account £'000s	Total £'000s
At 9 March 2016	-	-	-
Issue of ordinary shares	-	-	-
Total comprehensive loss	-	-	-
At 31 March 2017	-	-	-

Humber Gateway OFTO Intermediate Limited
Statement of Financial Position
as at 31 March 2017

	Notes	2017 £'000s
Non-current assets		
Receivables	5	20,897
Total non-current assets		<u>20,897</u>
Current assets		
Receivables: due within one year	6	811
Cash and cash equivalents		-
Total Current Assets		<u>811</u>
Total Assets		<u><u>21,708</u></u>
Current Liabilities		
Trade and other payables	7	(811)
Total current liabilities		<u>(811)</u>
Net current assets		<u>-</u>
Non-current liabilities		
Borrowings	8	(20,897)
Total non-current liabilities		<u>(20,897)</u>
Total Liabilities		<u><u>(21,708)</u></u>
Net assets		<u>-</u>
Equity		
Called up share capital	9	-
Retained earnings		-
Shareholders' Funds		<u><u>-</u></u>

These financial statements for Humber Gateway OFTO Intermediate Limited, company registration number 10053342, were approved by the Board of Directors on 27 July 2017 and signed on its behalf by:

S Rooke
 Director

Approved by the board on 27 July 2017

**Humber Gateway OFTO Intermediate Limited
Notes to the Financial Statements
for the period from 9 March 2016 to 31 March 2017**

1 Summary of significant accounting policies

A Basis of preparation

Humber Gateway OFTO Intermediate Limited is a Company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements are presented in pounds sterling, which is the functional currency of the Company and are rounded to the nearest £1,000.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Humber Gateway OFTO Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Humber Gateway OFTO Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address on page 1.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Humber Gateway Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis.

**Humber Gateway OFTO Intermediate Limited
Notes to the Financial Statements
for the period from 9 March 2016 to 31 March 2017**

B *Going concern*

The Humber Gateway Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2 and the Directors' Report on pages 3 to 4.

The Directors' have considered the ability of government authorities to continue to pay transmission revenue due to Humber Gateway OFTO Limited and consider it is not unreasonable to assume that the UK Government will continue to meet its obligations in this respect. The Company's forecasts and projections, taking account of reasonably possible counterparty performance, show the Company expects to be able to continue to operate for the full term of the license.

Secured debt has been obtained and procured by Humber Gateway OFTO Limited through a contract to finance the purchase and operation of the license. The Group's projections show that the project is expected to generate positive cash flows during the life of the concession.

After making enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made, the Company's Directors have a reasonable expectation that the Company will be able to meet its obligations. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

C *Financial instruments*

Financial assets, liabilities, and equity instruments are classified according to the substance of the contractual arrangements entered into, and recognised on the trade date.

Trade and loan receivables, including time deposits and demand deposits, are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. Indications that the trade or loan receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtor's insolvency, and default or significant failure of payment.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Borrowings, which include fixed interest-bearing debt, are recorded at their carrying value which reflects the proceeds received, net of direct issue costs.

D *Taxation*

The Company has made a profit of £nil during the period and consequently there is no charge to corporation tax.

**Humber Gateway OFTO Intermediate Limited
Notes to the Financial Statements
for the period from 9 March 2016 to 31 March 2017**

2 Auditor's remuneration and remuneration of Directors and employees

Fees payable to KPMG LLP and their associates for the audit of the Company's annual accounts were £465 and were borne by Humber Gateway OFTO Limited.

The Directors received no salary, fees or other benefits in the performance of their duties in the current period. Directors' fees of £nil were paid by the Company. The Company had no employees in the current period. All costs of the Directors and other staff are borne by the shareholders who second their employees to Humber Gateway OFTO Limited.

	period from 09/03/16 to 31/03/17 £'000s
3 Financial income (net)	
Interest receivable on secured subordinated loan stock	811
Interest payable on secured subordinated loan stock	<u>(811)</u>
	<u><u>-</u></u>

4 Taxation

The taxation charge for the period is £nil.

	2017 £'000s
5 Non current receivables	
Secured subordinated loan stock in fellow subsidiary undertaking	<u>20,897</u>
	<u><u>20,897</u></u>

The loan stock bears interest at a fix rate of 5.5% plus the greater of 1% or $((RPI_d/RPI_{d-1})-1) \times 100$ per cent where RPI_d is the value of RPI_x published or determined for the March which is the last month prior to the beginning of the financial period and RPI_{d-1} is the value of RPI_x for the March which is the last month prior to the beginning of the previous financial period. For the current financial period (2016/2017) 7.14% was used to accrue interest. The loan stock is repayable in instalments between 2017 and 2036.

	2017 £'000s
6 Receivables: due within one year	
Accrued interest on subordinated loan stock	<u>811</u>
	<u><u>811</u></u>
7 Trade and other payables	
Accrued interest on subordinated loan stock	<u>(811)</u>
	<u><u>(811)</u></u>

**Humber Gateway OFTO Intermediate Limited
Notes to the Financial Statements
for the period from 9 March 2016 to 31 March 2017**

8 Borrowings

**2017
£'000s**

Loan stock (repayable after more than five years)	(20,897)
	<u>(20,897)</u>

The secured subordinated loan stock is issued by the Company to the shareholders in proportion to their equity share holdings in Humber Gateway OFTO Holdco Limited. The loan stock bears interest at a fix rate of 5.5% plus the greater of 1% or $((RPI_d/RPI_{d-1})-1) \times 100$ per cent where RPI_d is the value of RPI_x published or determined for the March which is the last month prior to the beginning of the financial period and RPI_{d-1} is the value of RPI_x for the March which is the last month prior to the beginning of the previous financial period. For the current financial period (2016/2017) 7.14% was used to accrue interest. The loan stock is repayable in instalments between 2017 and 2036.

9 Called Up Share Capital

**2017
£**

Authorised, called up and fully paid:	
1 ordinary share of £1	1
	<u>1</u>

The Company has one class of ordinary shares which carries no right to fixed income.

10 Ultimate parent company and controlling party

The Company is a wholly-owned subsidiary of Humber Gateway OFTO Holdings Limited which is incorporated in United Kingdom and registered in England and Wales. The only Group in which the results of Humber Gateway OFTO Intermediate Limited are consolidated is Humber Gateway OFTO Holdings Limited, copies of whose financial statements are available from its registered office; 6th Floor, 350 Euston Road, Regents Place, London, United Kingdom, NW13AX.

The Company's ultimate parent companies and controlling parties are Balfour Beatty plc and Equitix Infrastructure 4 Limited which are incorporated in Great Britain and registered in England and Wales. Copies of the financial statements for Balfour Beatty Plc are available from the registered address; 5 Churchill Place, Canary Wharf, London, United Kingdom, E14 5HU. Copies of the financial statements for Equitix Infrastructure 4 Limited are available from the registered address; Welken House, 10-11 Charterhouse Square, London, United Kingdom, EC1M 6EH.

11 Related party transactions

At 31 March 2017, subordinated loan stock totaled £20,897k split as per shareholdings between Balfour Beatty OFTO Holdco Limited (£4,179k), Equitix Infrastructure 4 Limited (£16,718k). The accrued interest on subordinated loan stock totaled £811k divided as per shareholdings between Balfour Beatty OFTO Holdco Limited and Equitix Infrastructure 4 Limited.