

Bazalgette Ventures Limited

Annual report and financial statements

For the year ended 31 March 2017

Registered number 09553461

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Directors and advisors

Directors holding office

| | |
|----------------------|------------------------------|
| Moira Turnbull-Fox | (resigned 2 September 2016) |
| Christoph Holzer | (resigned 31 January 2017) |
| Andrew Cox | (appointed 31 January 2017) |
| Jaroslava Korpancova | |
| Alistair Ray | |
| Angela Roshier | (appointed 2 September 2016) |
| Michael Ryan | |
| Gavin Tait | |
| Amanda Woods | |

Company Secretary

Tracey Lee-Lewis

Registered office

The Point
37 North Wharf Road
London
W2 1AF

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Strategic report

The Directors present their Strategic report for Bazalgette Ventures Limited (the Company) for the year ended 31 March 2017.

Business review

The principal activity of the Company is that of an intermediate holding company in the Bazalgette Equity group of companies (the Group). The Company was established to act as the vehicle for shareholder loan financing. The Company is the immediate parent company of Bazalgette Holdings Limited of which Bazalgette Tunnel Limited is a direct subsidiary. Bazalgette Tunnel Limited is a regulated business that is overseeing the design, construction, operation and maintenance of the Thames Tideway Tunnel.

Further information on the Company's role in the Group is disclosed in the Holding Company Principles statement which is available at www.tideway.london.

Results and performance

The Company recorded £nil profit for the year (11 month period ended 31 March 2016: £nil). The Company had net assets of £370.4m as at 31 March 2017 (2016: £138.3m).

The Company increased its investment in its subsidiary Bazalgette Holdings Limited by £232.1m to a total investment of £370.4m (2016: £138.3m).

During the year, £29.3m (2016: £8.3m) of shareholder loan interest was accrued on the shareholder loan notes. At 31 March 2017, £29.3m (2016: £7.4m) of the accrued shareholder loan interest had been paid and £nil (2016: £0.9m) rolled up within the outstanding shareholder loans.

Principal risks and uncertainties

The Company acts as a vehicle for shareholder loan funding and does carry out any activities beyond this.

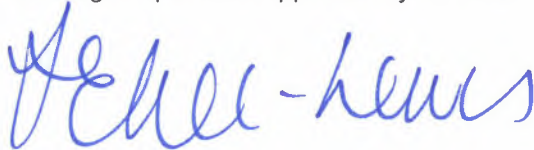
The Company has access to the Chief Executive and his executive team (of Bazalgette Tunnel Limited), who also manage the wider Bazalgette Equity Limited Group and its individual group companies on a day to day basis. The executive team receive regular reports from all areas of the business which enables prompt identification of financial and other risks so that appropriate actions can be taken in the relevant group companies.

The Group's annual report can be obtained from the Company Secretary at the address found on page 16.

Future outlook

The Company is expected to continue to act as an intermediate holding company within the Group for the foreseeable future.

This Strategic report was approved by the Board of Directors on 21 July 2017 and signed on its behalf by:



By order of the board

Tracey Lee-Lewis
Company Secretary

Directors' report

The Directors present their report and the audited financial statements for Bazalgette Ventures Limited for the year ended 31 March 2017.

The registered company number is 09553461.

Dividends

The Company did not pay any dividends in the year (11 month period ended 31 March 2016: £nil).

Directors

The Directors who held office during the year for the Company were as follows:

Andrew Cox (appointed 31 January 2017)

Christoph Holzer (resigned 31 January 2017)

Jaroslava Korpancova

Alistair Ray

Angela Roshier (appointed 2 September 2016)

Michael Ryan

Gavin Tait

Amanda Woods

Moira Turnbull-Fox (resigned 2 September 2016)

Employees

The Company does not employ any staff directly (2016: none).

Charitable and political donations

The Company made no political or charitable donations nor incurred any political expenditure during the year (11 month period ended 31 March 2016: £nil).

Events occurring after the reporting period

A description of events occurring after the reporting period that would require disclosure in these financial statements can be found in note 13.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors is aware of that information.

Auditor

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.

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

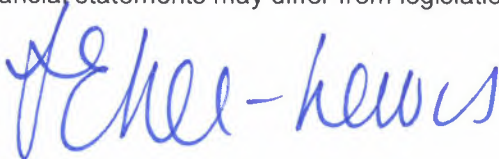
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Tracey Lee-Lewis
Company Secretary

The Point
37 North Wharf Road
London
W2 1AF

21 July 2017

Independent auditor's report to the members of Bazalgette Ventures Limited

We have audited the financial statements of Bazalgette Ventures Limited for the year ended 31 March 2017 set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 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 IFRSs as adopted by the EU; 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:

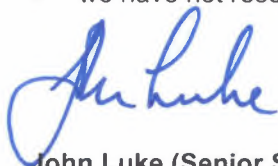
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Bazalgette Ventures Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Luke (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
21 July 2017

Income Statement
For the year ended 31 March 2017

| | <i>Note</i> | 2017 £m | 11 month period ended 31 March 2016 £m |
|--|-------------|------------|---|
| Net operating costs | 3 | - | - |
| Operating result | | - | - |
| Finance income | 4 | 29.3 | 8.3 |
| Finance costs | 4 | (29.3) | (8.3) |
| Result for the year/period before tax | | <u>-</u> | <u>-</u> |
| Taxation | 5 | - | - |
| Result for the year/period | | <u>-</u> | <u>-</u> |

Statement of Other Comprehensive Income
For the year ended 31 March 2017

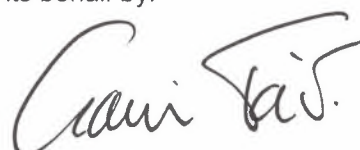
| | <i>Note</i> | 2017 £m | 11 month period ended 31 March 2016 £m |
|---|-------------|------------|---|
| Result for the year/period | | - | - |
| Other comprehensive income for the year/period | | - | - |
| Total comprehensive income for the year/period | | <u>-</u> | <u>-</u> |

Notes 1 to 13 form an integral part of these financial statements.

Statement of Financial Position
As at 31 March 2017

| | Note | 2017 £m | 2016 £m |
|--|------|-----------------------|-----------------------|
| Non-current assets | | | |
| Investments in subsidiary undertakings | 6 | 370.4 | 138.3 |
| Other receivables | 8 | 529.3 | 206.1 |
| | | <u>899.7</u> | <u>344.4</u> |
| Current assets | | | |
| Cash at bank and in hand | 7 | - | 17.9 |
| | | <u>-</u> | <u>224.0</u> |
| Total assets | | <u>899.7</u> | <u>362.3</u> |
| Current liabilities | | | |
| Other payables | 9 | - | (1.0) |
| | | <u>-</u> | <u>(1.0)</u> |
| Non-current liabilities | | | |
| Borrowings | 10 | (529.3) | (223.0) |
| | | <u>(529.3)</u> | <u>(224.0)</u> |
| Total liabilities | | <u>(529.3)</u> | <u>(224.0)</u> |
| Net assets | | <u>370.4</u> | <u>138.3</u> |
| Equity | | | |
| Share capital | 11 | 370.4 | 138.3 |
| Total equity | | <u>370.4</u> | <u>138.3</u> |

These financial statements were approved by the board of Directors on 21 July 2017 and were signed on its behalf by:



Gavin Tait
 Director

Company registered number: 09553461

Notes 1 to 13 form an integral part of these financial statements.

Statement of Changes in Equity

| | Share capital £m | Total equity £m |
|---|------------------------|-----------------------|
| Balance at 21 April 2015 | - | - |
| Profit or loss | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | - | - |
| Transactions with owners, recorded directly in equity | | |
| Issue of shares | 138.3 | 138.3 |
| Total contributions by and distributions to owners | 138.3 | 138.3 |
| Balance at 31 March 2016 | 138.3 | 138.3 |
| Balance at 1 April 2016 | 138.3 | 138.3 |
| Profit or loss | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | - | - |
| Transactions with owners, recorded directly in equity | | |
| Issue of shares | 232.1 | 232.1 |
| Total contributions by and distributions to owners | 232.1 | 232.1 |
| Balance at 31 March 2017 | 370.4 | 232.1 |

Notes 1 to 13 form an integral part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2017

| | <i>Note</i> | 2017 £m | 11 month period ended 31 March 2016 £m |
|---|-------------|--------------------|---|
| Cash flows from operating activities before working capital movements | | | |
| Increase in trade and other receivables | 8 | (323.2) | (206.1) |
| Increase in trade and other payables | 9 | 305.3 | 224.0 |
| | | <hr/> | <hr/> |
| Cash used in operations | | (17.9) | 17.9 |
| | | <hr/> | <hr/> |
| Net cash used in operating activities | | (17.9) | 17.9 |
| | | <hr/> | <hr/> |
| Cash flows used in investing activities | | | |
| Investment in subsidiary undertaking | 6 | (232.1) | (138.3) |
| | | <hr/> | <hr/> |
| Net cash used in investing activities | | (232.1) | (138.3) |
| | | <hr/> | <hr/> |
| Cash flows from financing activities | | | |
| Proceeds from the issue of share capital | 11 | 232.1 | 138.3 |
| | | <hr/> | <hr/> |
| Net cash from financing activities | | 232.1 | 138.3 |
| | | <hr/> | <hr/> |
| Net (decrease)/increase in cash and cash equivalents during the period | | (17.9) | 17.9 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the beginning of the year/period | 7 | 17.9 | - |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the year/period | 7 | - | 17.9 |
| | | <hr/> | <hr/> |

Notes 1 to 13 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

Bazalgette Ventures Limited (the Company) is a private company incorporated, domiciled and registered in the UK. The registered number is 09553461 and the registered address is The Point, 37 North Wharf Road, London, W2 1AF.

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

These financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs).

The Company is preparing its financial statements in accordance with Adopted IFRSs for the first time and consequently has applied IFRS 1. The transition to Adopted IFRSs from FRS 101 did not have an effect on the reported financial position and financial performance of the Company as reported in previous years.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Company's financial position.

In the process of applying the Company's accounting policies, the Directors are required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The preparation of financial statements requires the use of certain critical accounting estimates. The Directors do not believe there are any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The Company is exempt under CA2006 s400 from the obligation to prepare group accounts. The Company's parent undertaking Bazalgette Equity Limited includes the company in its consolidated financial statements. The consolidated financial statements of Bazalgette Equity Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address disclosed in note 11.

Measurement convention

The financial statements are prepared in accordance with the historical cost accounting convention.

Going concern

The Directors have undertaken a detailed review to assess the liquidity requirements of the Company compared against the cash and facilities available to the Company and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Notes to the financial statements (continued)

Financial Instruments

Financial assets and liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") are classified as non-derivative financial instruments. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The company determines the classification of financial instruments at initial recognition and re-valuates this designation at each financial year end. The initial and subsequent measurement of financial instruments depends on their classification as follows:

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand balances and short term deposits with a maturity at acquisition of three months or less. Cash equivalents are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

Short term cash deposits disclosed in the Statement of Financial Position comprise cash deposited with a maturity of greater than three months on acquisition, a fixed interest rate and which do not constitute cash equivalents under IAS 7 'Statement of cash flows'.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same tax authority and the Company has the right of set off.

Notes to the financial statements (continued)

Recently issued accounting standards

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS's that have been issued but are not yet effective and in some cases are subject to endorsement by the EU.

- IFRS 9 Financial Instruments (effective date 1 January 2018);
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018);
- IFRS 16 Leases (effective date 1 January 2019);
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (effective date 1 January 2017); and
- Disclosure Initiative - Amendments to IAS 7 (effective date 1 January 2017).

The Company is currently undergoing an assessment of the impact of these standards ahead of their future adoption.

2 Auditor's remuneration

The auditor's remuneration for the audit of these financial statements was £2,000 (11 month period ended 31 March 2016: £2,000). These costs are being wholly borne by Bazalgette Tunnel Limited.

3 Remuneration of Directors

The Directors of the Company did not receive any payments in respect of their services as Directors of the Company (11 month period ended 31 March 2016: £nil).

4 Finance income and expense

| | 2017 £m | 11 month period ended 31 March 2016 £m |
|--|-------------|--|
| Finance income | | |
| Interest on loans to subsidiary undertakings | 29.3 | 8.3 |
| Finance costs | | |
| Interest expense on borrowings | (29.3) | (8.3) |
| | <hr/> | <hr/> |
| Net finance costs | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

5 Taxation

Recognised in the profit and loss

The tax charge for the year was £nil (11 month period ended 31 March 2016: £nil).

Reconciliation of effective tax rate

In the year ended 31 March 2017 there were no reconciling items between the tax charge for the period and the tax charge using the UK corporation tax rate of 20% (11 month period ended 31 March 2016: none).

Notes to the financial statements (continued)

6 Investments in subsidiaries

The Company has the following investments in subsidiaries:

| Company | Country of incorporation | Class of shares held | Ownership 2017 | Ownership 2016 |
|-----------------------------|--------------------------|----------------------|----------------|----------------|
| Bazalgette Holdings Limited | UK | Ordinary | 100% | 100% |

Bazalgette Holdings Limited has the same year end as the Company and the same registered address as the Company which is The Point, 37 North Wharf Road, London W2 1AF.

During the year the Company increased its investment in its subsidiary Bazalgette Holdings Limited by £232.1m to a total investment of £370.4m (2016: £138.3m).

7 Cash and cash equivalents

| | 2017 £m | 2016 £m |
|---------------------------|-------------|-------------|
| Cash and bank balances | - | 17.9 |
| | <hr/> | <hr/> |
| Cash and cash equivalents | - | 17.9 |
| | <hr/> <hr/> | <hr/> <hr/> |

8 Other receivables

| | 2017 £m | 2016 £m |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 529.3 | 205.1 |
| Other debtors | - | 1.0 |
| | <hr/> | <hr/> |
| | 529.3 | 206.1 |
| | <hr/> | <hr/> |
| Due within one year | - | 1.0 |
| Due after one year | 529.3 | 205.1 |
| | <hr/> | <hr/> |

9 Other payables

| | 2017 £m | 2016 £m |
|-----------------------------|------------|------------|
| Due within one year: | | |
| Other creditors | - | 1.0 |

Notes to the financial statements (continued)

10 Borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Terms and debt repayment schedule

The principal economic terms and conditions of outstanding borrowings

| | Currency | Nominal interest rate | Maturity dates | Carrying value 2017 £m | Carrying value 2016 £m |
|--|----------|-----------------------|----------------|---------------------------|---------------------------|
| Borrowings measured at amortised cost | | | | | |
| Shareholder Loan notes (principal): | GBP | 8% | 2064 | 529.3 | 223.0 |

11 Capital and reserves

Called-up share capital

| | Ordinary shares 2017 | Ordinary shares 2016 |
|---|----------------------|----------------------|
| Allotted, called-up and fully paid Ordinary shares of £1 each | | |
| At the beginning of the year/period | 138,258,754 | - |
| Issued for cash | 232,148,894 | 138,258,754 |
| | <hr/> | <hr/> |
| At the end of the year/period | 370,407,648 | 138,258,754 |
| | <hr/> <hr/> | <hr/> <hr/> |

The holders of ordinary shares are entitled to receive distributions as declared from time to time and are entitled to vote at meetings of the Company in line with the details of the Shareholders agreement. Further information on the role of the shareholders is outlined in the Holding Company Principles statement which is available at www.tideway.london.

12 Ultimate parent company and parent company of a larger group

The Company is a wholly owned subsidiary of Bazalgette Equity Limited which is the ultimate parent company (incorporated in the United Kingdom). The largest and smallest group in which the results of the Company are consolidated is that headed by Bazalgette Equity Limited. No other group financial statements include the results of the Company.

Copies of the consolidated financial statements of this group can be obtained from the Company Secretary at The Point, 37 North Wharf Road, London, W2 1AF.

13 Subsequent events occurring after the reporting date

On 30 June 2017, the Shareholders of the Group injected a further £96.5m of shareholder loans into the Company and concurrently the Company increased its loan to its direct subsidiary Bazalgette Holdings Limited by £96.5m.

On the same date the Company issued share capital of £64.3m that was allotted and fully paid and increased its investment in Bazalgette Holdings Limited by £64.3m.