PGIT SECURITIES 2020 PLC

Annual Report and Accounts
for the year ended 31 December 2018

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PRINCIPAL OBJECTIVE

To provide Zero Dividend Preference Shares ("ZDP Shares") with a predetermined final capital entitlement.

DIRECTORS

Gillian Nott OBE (Chairman)

Victoria Muir *(appointed on 14 March 2018)*

Kasia Robinski

Ian Graham *(retired on 24 April 2018)*

Geoffrey Burns *(retired on 27 July 2018)*

SECRETARY AND REGISTERED OFFICE

Premier Portfolio Managers Limited
Eastgate Court
High Street
Guildford
Surrey GU1 3DE

REGISTERED NUMBER

9863364

Registered in England and Wales

CONTENTS

Strategic Report

for the period to 31 December 2018

The Directors submit to the shareholders their Strategic Report, Director's Report and the Audited Financial Statements of the Company for the year ended 31 December 2018.

Business Model and Strategy

The Directors present their Report and the audited financial statements of PGIT Securities 2020 PLC, registered in England and Wales number 9863364 (the "Company") for the year ended 31 December 2018. The Company's registered office is Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

Parent Company

The Company is a wholly owned subsidiary of Premier Global Infrastructure Trust PLC (the "Parent Company").

Objective and principal activity

The Company's principal objective is to provide Zero Dividend Preference Shares ("ZDP Shares") with a predetermined final capital entitlement. The principal activity of the Company is to be the issuer of ZDP Shares.

Key performance indicator

The key performance indicator of the Company is the ZDP Share Cover. This is based on the Parent Company's Gross Assets less Current Liabilities divided by its shareholders' funds at the end of each year (the ZDP Shares will have a final capital entitlement of 125.6519p on 30 November 2020, equivalent to a gross redemption yield of 4.75%, subject to there being sufficient capital in the Parent Company).

At 31 December 2018 the ZDP Share Cover was 1.49 times (2017: 1.73 times).

Principal risks

The principal financial risks the Company faces can be found in note 9 to the Financial Statements. The Board considers that the material non-financial risk which the Company faces is the ability to repay the final capital entitlement of the ZDP Shares.

Final capital entitlement – the ZDP Shares offer a pre-determined rate of growth in capital entitlement to be paid on 30 November 2020.

The Directors' have carried out a robust assessment of the Company's principal risks and its current position. The principal risks relating to the viability of the Company and the procedures in place to monitor and mitigate them are included in the summary of principal risks set out in note 9 on pages 18 and 19.

Based on the above assessment the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities to 30 November 2020 (the due date of the ZDP Shares final capital entitlement).

Future prospects

The future of the Company is dependent upon the success of the investment strategy of the Parent Company and on the continuation vote that is scheduled to take place at the annual general meeting of the Parent Company in April 2020. If the Parent Company shareholders voted not to pass the continuation vote scheduled to take place at this meeting, this would oblige the Directors of the Parent Company to put forward proposals to the effect that the Parent Company would be wound up, liquidated, reorganised, unitised or to find some other suitable solution that would be satisfactory to shareholders.

For and on behalf of the Board

Kasia Robinski
Director

8 March 2019

Directors' Report

The Directors present their Report and the audited financial statements of PGIT Securities 2020 PLC, registered in England and Wales number 9863364 (the "Company") for the year ended 31 December 2018. The Company's registered office is Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

Business Review

This section of the Directors' Report provides a review of the Company's business.

Objective and principal activity

The Company's principal objective is to provide the ZDP Shares with a predetermined final capital entitlement. The principal activity of the Company is to be an issuer of ZDP Shares.

Parent Company

The Company is a wholly owned subsidiary of Premier Global Infrastructure Trust PLC.

Share capital

The Company has one class of share which carries no right to fixed income. The authorised and issued share capital of the Company is 50,000 ordinary shares issued at £1 which have been 25% called.

Assets

The Company's total assets comprise an amount of £27,723,000 (2017: £26,468,000) receivable from the Parent Company.

Retained earnings and dividend

The loss after taxation for the period amounted to £1,255,000 (2017: £1,201,000). The Directors have not declared a dividend in respect of the period.

Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Gillian Nott OBE (Chairman)

Victoria Muir *(appointed on 14 March 2018)*

Kasia Robinski

Ian Graham *(retired on 24 April 2018)*

Geoffrey Burns *(retired on 27 July 2018)*

Going concern

The Directors consider that the Company will have sufficient funds, through funding from its Parent Company, to meet its liabilities as they fall due. The Parent Company has indicated its intention to continue to make available such funds as are required by the Company to meet its obligations. As with any company placing reliance on another group entity for financial support, the Directors acknowledge that there can be no certainty that the required support will be provided, however, at the date of approval of these financial statements, the Directors have no reason to believe that sufficient Parent Company support will not be provided.

Going concern continued

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Auditor's right to information

Each of the Directors confirms that:

- so far as he/she is aware, there is no relevant audit information of which the auditors are unaware; and
- he/she 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 auditors are aware of that information.

Reappointment of Auditors

The present auditor, KPMG LLP, have expressed their willingness to continue in office and in accordance with Section 487(2) of the Companies Act 2006, will be deemed to be re-appointed. However, pursuant to Section 488 of the Act, any member(s) representing at least 5% of the Company's total voting rights may prevent the deemed re-appointment by depositing a notice to that effect (either in hard copy or electronic format) not later than 28 days after the dispatch of the Annual Report and financial statements to members.

By order of the Board

Kasia Robinski
Director

8 March 2019

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (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 its profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic and Directors' Reports include a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board

Kasia Robinski
Director

8 March 2019

INDEPENDENT AUDITOR'S REPORT

to the members of PGIT Securities 2020 PLC

1. Our opinion is unmodified

We have audited the financial statements of PGIT Securities 2020 plc ("the Company") for the year ended 31 December 2018 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cashflow Statement, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2018 and of the its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 13 November 2017. The period of total uninterrupted engagement is for the two financial years ended 31 December 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

2. Key audit matters: our assessment of risks of material misstatement continued

Key Audit Matter	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 1 (Strategic Report)	**Unprecedented levels of uncertainty :** All audits assess and challenge the reasonableness of estimates, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Company's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and to consider the Directors' statement that the Annual Report and the financial statements financial statements as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge –** We considered the Directors' assessment of Brexit-related sources of risk for the Company's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. • **Sensitivity analysis –** When addressing the recoverability of debt due from the Parent Company, we compared the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty. • **Assessing transparency –** As well as assessing individual disclosures as part of our procedures on the recoverability of debt due from the Parent Company we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results –** As reported under the carrying amount of the intra-group debtor, we found the resulting estimates and related disclosures in respect of the recoverability of debt due from the Parent Company and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Key Audit Matter	The risk	Our response
Recoverability of debt due from Parent Company (£27.7 million; 2017: £26.5 million) *Refer page 16 (accounting policy) and pages 17-18 (financial disclosures).*	**Low risk, high value** The carrying amount of the intra-group debtor balance represents 100% of the Company's total assets. The recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the financial statements, this is considered to be the area that had the greatest effect on our audit.	Our procedures included: **Tests of detail –** Assessing 100% of the debtors to identify, with reference to the Parent Company's draft Balance Sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether the Parent Company has historically been profit making. **Assessing the Parent Company audit –** Assessing the work performed by the Parent Company audit team, and considering the results of that work, on those net assets, including assessing the liquidity of the assets and therefore the ability of the Parent Company to fund the repayment of the receivable. **Our results –** We found the Company's assessment of the recoverability of the Parent Company debtor balance to be acceptable (2017: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality of the financial statements as a whole was set at £277,000 (2017: £265,000) determined with reference to a benchmark of total assets for the Company, of which it represents 1% (2017: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £13,800 (2017: £13,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at KPMG LLP in Glasgow.

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have evaluated those risks and concluded that they were not significant enough to require us to perform additional procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

- the related statement under the Listing Rules set out on page 3 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors the manager and the administrator (as required by auditing standards), and discussed with the Directors and the manager the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent St
Glasgow
G2 5AS

8 March 2019

Income Statement

for the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Finance costs	4	**(1,255)**	(1,201)
Loss before taxation		**(1,255)**	(1,201)
Taxation	5	**–**	–
Loss for the period		**(1,255)**	(1,201)

All items derive from continuing operations; the Company does not have any other recognised gains or losses.

The notes on pages 15 to 20 form part of these financial statements.

Balance Sheet

at 31 December 2018

	Notes	31 December 2018 £000	31 December 2017 £000
Current assets			
Amount due from Parent Company	*6*	**27,723**	26,468
Total assets		**27,723**	26,468
Creditors: amounts falling due after more than one year			
Other financial liabilities	*7*	**(27,673)**	(26,418)
Net assets		**50**	50
Equity attributable to Ordinary Shareholders			
Share capital	*8*	**50**	50
Capital contribution	*6*	**3,599**	2,344
Accumulated losses		**(3,599)**	(2,344)
Total equity attributable to Ordinary Shareholders		**50**	50

The financial statements on pages 11 to 20 of PGIT Securities 2020 PLC, company number 9863364, were approved by the Board on 8 March 2019 and were signed on its behalf by:

Kasia Robinski
Director

The notes on pages 15 to 20 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2018

	Ordinary Share Capital 2018 £000	Capital Contribution 2018 £000	Accumulated Losses 2018 £000	Total 2018 £000
Balance at 31 December 2017	**50**	**2,344**	**(2,344)**	**50**
Loss for the year	**–**	**–**	**(1,255)**	**(1,255)**
Contribution by Parent Company	**–**	**1,255**	**–**	**1,255**
Balance at 31 December 2018	**50**	**3,599**	**(3,599)**	**50**

	Ordinary Share Capital 2017 £000	Capital Contribution 2017 £000	Accumulated Losses 2017 £000	Total 2017 £000
Balance at 31 December 2016	50	1,143	(1,143)	50
Loss for the year	–	–	(1,201)	(1,201)
Contribution by Parent Company	–	1,201	–	1,201
Balance at 31 December 2017	50	2,344	(2,344)	50

The notes on pages 15 to 20 form part of these financial statements.

Cashflow Statement

for the year ended 31 December 2018

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Loss before taxation	**(1,255)**	(1,201)
Adjustments for:		
Increase in trade and other receivables	**1,255**	1,201
Increase in trade and other payables	**–**	–
Net cash inflow from operating activities	**–**	–
Increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at the start of the period	**–**	–
Cash and cash equivalents at the end of the period	**–**	–

The notes on pages 15 to 20 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2018

1. GENERAL INFORMATION

PGIT Securities 2020 PLC (the "Company") was incorporated in England and Wales on 9 November 2015 (company number 9863364) and is a wholly owned subsidiary of Premier Global Infrastructure Trust PLC (the "Parent Company") which is an investment trust registered in England and Wales. The Company commenced operation on 31 December 2015 as part of the reconstruction of the Parent Company when it issued 24,073,337 New Zero Dividend Preference Shares ("ZDP Shares").

The Company's principal objective is to provide the ZDP Shares with a predetermined final capital entitlement.

The financial statements are prepared for the year ended 31 December 2018.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial information for the year ended 31 December 2018 has been prepared in accordance with International Financial Reporting Standards ("IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs as adopted by the European Union. These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRSs have been adopted by the European Union.

The Directors consider that the Company will have sufficient funds, through funding from its Parent Company, to meet its liabilities as they fall due. The Parent Company has indicated its intention to continue to make available such funds as are required by the Company to meet its obligations. As with any company placing reliance on another group entity for financial support, the Directors acknowledge that there can be no certainty that the required support will be provided, however, at the date of approval of these financial statements, the Directors have no reason to believe that sufficient Parent Company support will not be provided.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The functional currency of the Company is Sterling as this is the currency of the primary economic environment in which the Company operates. Accordingly, the financial statements are presented in Sterling rounded to the nearest thousand pounds.

In the current financial year the company has applied a number of new standards, amendments to standards and interpretations.

IFRS 9 – Financial Instruments 2014 replaces IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial liabilities, impairment for financial assets and general hedge accounting. There is no material impact on the Company in relation to the adoption of this standard.

IFRS 15 - Revenue from Contracts with Customers specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures. Due to the nature of the Company's revenue streams from financial instruments there is no material impact on the Company in relation to the adoption of this standard.

The following standard and interpretation is effective for annual periods beginning on or after 1 January 2019 and has not been applied in preparing these financial statements (detailed below). This has not had a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

2. ACCOUNTING POLICIES continued

2.1 Basis of Preparation continued

IFRS 16 Leases (effective 1 January 2019) specifies how to faithfully represent lease transactions and provide a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. There will be no material impact on the Company's financial standards as the Company does not have any leases.

2.2 Use of Estimates

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the items reported in the Balance Sheet and Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly by a significant amount. There have not been any instances requiring any significant estimates or judgements in the year.

2.3 Segmental Reporting

The chief operating decision maker has been identified as the Board of the Company. The Board reviews the Company's internal management accounts in order to analyse performance. The Directors are of the opinion that the Company is engaged in one segment of business, being the issue of ZDP Shares to fund the operation of the Parent Company.

2.4 Capital Contribution

The Parent Company has entered into the Undertaking Agreement whereby the Parent Company will undertake to contribute (by way of gift, capital contribution or otherwise) such amount as will result in the Company having sufficient assets to satisfy the then current or, as the case maybe, Final Capital Entitlement of the ZDP Shares on the repayment date of 30 November 2020 or any earlier winding up of the Company under the Articles. The contributions from the Parent Company equate to the return of the ZDP Shares and are accounted for on an accruals basis and recognised in the Statement of Changes in Equity.

2.5 Zero Dividend Preference Shares

The ZDP Shares are classified as a financial liability and shown as a liability in the balance sheet. The ZDP Shares are initially measured at fair value being the proceeds of issue less transaction costs and are subsequently measured at amortised cost under the effective interest rate method.

The provision for compound growth entitlement of the ZDP Shares is recognised through the Income Statement and analysed as a finance cost.

2.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

3. ADMINISTRATIVE EXPENSES

The Company's administrative expenses are met by its Parent Company. The audit fee of £6,000 (2017: £4,000) payable to KPMG LLP for the period ended 31 December 2018 will be paid by its Parent Company. The Company has no employees.

4. FINANCE COSTS

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Provision for compound growth entitlement on ZDP Shares	**(1,255)**	(1,201)

5. TAXATION ON ORDINARY ACTIVITIES

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000

(a) Taxation charge on ordinary activities

Total tax charge for the year at 19.00% (2017: 19.25%)	**–**	–

(b) Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19.00%. The differences are explained below:

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Loss on ordinary activities before taxation	**(1,255)**	(1,201)
Corporation tax credit of 19.00% (2017: 19.25%)	**(238)**	(231)
Effects of:		
Excess expenses	**238**	231
Total tax charge	**–**	–

No provision for deferred taxation has been made in the current period.

The Company has not recognised a deferred tax assets of £611,000 (2017: £398,000) arising as a result of excess expenses.

6. AMOUNTS DUE FROM PARENT COMPANY

	31 December 2018 £000	31 December 2017 £000
Funds raised through ZDP share issue	**24,074**	24,074
Amount due in respect of issued share capital	**50**	50
Additions under undertaking agreement	**3,599**	2,344
Total due	**27,723**	26,468

6. AMOUNTS DUE FROM PARENT COMPANY continued

In 2016, funds raised through the ZDP Share Issue after the deduction of issue costs totalled £23.6 million. These funds have been transferred to the Parent Company under an Undertaking Agreement pursuant to which the Parent Company agrees to contribute to the Company such amount as will result in the Company having sufficient assets to satisfy the then current or, as the case may be, the final capital entitlement of the ZDP Shares (scheduled repayment date of 30 November 2020, however the facility is repayable on demand).

The Directors believe the carrying amount due from the Parent Company approximates its fair value.

7. OTHER FINANCIAL LIABILITIES

	31 December 2018 £000	31 December 2017 £000
24,073,337 Zero Dividend Preference Shares of £0.01	**27,673**	26,418

The accrued capital entitlement of each ZDP Share was 114.95p as at 31 December 2018 (2017: 109.74p).

8. ZERO DIVIDEND PREFERENCE SHARES

	31 December 2018 Number of Shares	31 December 2017 Number of Shares
Balance at start of year	**24,073,337**	24,073,337
Balance at end of year	**24,073,337**	24,073,337

In 2016, the Company issued 24,073,337 Zero Dividend Preference Shares ("ZDP Shares") at 100 pence per share on 31 December 2015. The ZDP Shares have an entitlement to receive a fixed cash amount on 30 November 2020, being the maturity date, of 125.6519 pence per share, but do not receive any dividends or income distributions.

The ZDP Shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote on certain proposals which would be likely to materially affect their position. ZDP Shares also carry the right to vote, as a class, on certain matters that relate to the activities of the Group.

The fair value of the ZDP Shares at 31 December 2018, based on the quoted bid price at that date, was £27,684,000 (2017: £27,444,000). The fair value of the ZDP Shares is classified as Level 2 under the hierarchy of fair value measurements.

9. RISK MANAGEMENT

The Company's only financial assets is an amount due from the Parent Company, Premier Global Infrastructure Trust PLC, repayable on 30 November 2020 (see note 6).

The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk.

Market risk

The market risk comprises three elements – price risk, currency risk and interest rate risk.

Market risk is the possibility of financial loss to the Company arising from fluctuations in the value of investments held in its Parent Company, Premier Global Infrastructure Trust PLC. There is no currency risk as there are no foreign currency transactions or balances, there is no interest rate exposure as interest rates are fixed and assets and liabilities are stated at amortised cost and there is no significant other price risk.

9. RISK MANAGEMENT continued

Liquidity risk

The liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities. The Company is not subject to significant liquidity risk and had no borrowings at any time during the period ended 31 December 2018.

The Company's only class of non-equity share capital in issue: Zero Dividend Preference Shares, which give shareholders the right to a repayment entitlement that accrues to provide a predetermined level of growth equivalent to a gross redemption yield of 4.5%, per annum based on the issue price of 100p on issue on 31 December 2015 up to the repayment date on 30 November 2020. The final capital entitlement payable at this date will be £30,248,605. The Company has an agreement with its Parent Company, Premier Global Infrastructure Trust PLC, whereby the Parent Company has entered into the Undertaking Agreement pursuant to which the Parent Company has undertaken to contribute (by way of gift, capital contribution or otherwise) such amount as will result in the Company having sufficient assets to satisfy the then current or, as the case may be, Final Capital Entitlement of the ZDP Shares on the ZDP Repayment Date of 30 November 2020 or any earlier winding up of the Company under the Articles.

The Parent Company has given certain undertakings for the benefit of the Company and the ZDP Shareholders whilst the Parent Company remains liable to make any payment under the Undertaking Agreement.

Full repayment of the ZDP Shares is, however, subject to sufficient growth being generated in the portfolio of the Company's Parent Company by the repayment date.

The contractual maturities of the Company's financial liabilities at 31 December 2018, based on the earliest date on which payment can be required, were as follows:

	31 December 2018		31 December 2017	
	Between one and five years £000	**Total £000**	Between one and five years £000	Total £000
Zero Dividend Preference Shares	**(30,249)**	**(30,249)**	(30,249)	(30,249)

Credit risk

The total credit exposure of the Company at 31 December 2018 was £27,723,000 (2017: £26,468,000) and consisted of amounts due from the Parent Company.

10. SHARE CAPITAL

The Company has one class of share which carries no right to fixed income. The authorised and issued share capital of the Company is 50,000 (2017: 50,000) Ordinary Shares issued at £1 which have been 25% called.

11. RELATED PARTIES

The Directors are all directors of the Parent Company and received no remuneration for their services to the Company during the period. As mentioned in note 3 above the following administrative expenses have been paid during the year by the Parent Company; Registrar's fees paid £4,741, London Stock Exchange fees paid £5,000, and audit fee payable of £6,000. The amount due from the Parent Company was £27,723,000 as at 31 December 2018 (2017: £26,468,000) (note 5).

12. PARENT COMPANY UNDERTAKING

The Company is a wholly owned subsidiary of its ultimate holding company and controlling party, Premier Global Infrastructure Trust PLC, a company registered in England and Wales. These financial statements therefore provide information about the Company as an individual undertaking. Copies of the Parent Company's Annual Report may be obtained from the Company Secretary, Premier Portfolio Managers Limited, at Eastgate Court, High Street, Guildford, Surrey GU1 3DE or on the website: *www.premierfunds.co.uk*

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