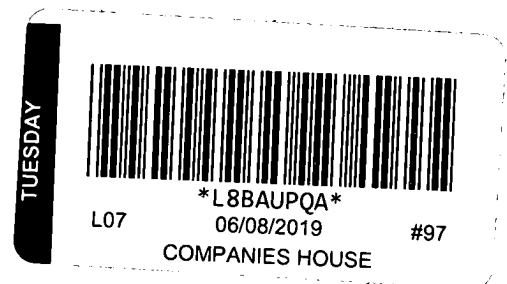


**Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2018  
for  
Narville Limited**



**Contents of the Financial Statements  
for the year ended 31 December 2018**

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**Narville Limited**

**Company Information  
for the year ended 31 December 2018**

**DIRECTORS:**

G J Frost  
M J Gregory  
M A Anwer

**SECRETARY:**

A E Woods

**REGISTERED OFFICE:**

3 More London Riverside  
London  
SE1 2AQ

**REGISTERED NUMBER:**

03870116 (England and Wales)

**AUDITOR:**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**Report of the Directors  
for the year ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a limited partner to Norfolk Limited Partnership. The limited partnership's principal activity during the year was the provision of design, construction and maintenance services including related financing arrangements for a police headquarters, under a 37 year PFI concession arrangement with Norfolk Police Authority.

**REVIEW OF BUSINESS**

The profit for the financial year of £12,219 (2017: £11,566) has been transferred to reserves.

Both the level of business and the year end financial positions were in line with budgets and expectations.

**FUTURE DEVELOPMENTS**

The company will continue to act as limited partner to Norfolk Limited Partnership.

**DIVIDENDS**

The directors authorised the payment of a final dividend of £7,470 (2017:£15,323).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk affecting the company is the performance of Norfolk Limited Partnership on the basis that the company derives its revenue from this entity. The immediate risk to the company of the limited partnership under performing is a decline in revenues, and, longer term, the risk that the company cannot meet its liabilities as they fall due.

**BASIS OF PREPARATION**

The Company's ability to meet its debts as they fall due is dependent on the performance of Company's interest in Norfolk Limited Partnership (the limited partnership), for which this company is the limited partner. The Directors have reviewed the Company's forecasts and projections, taking into account future cash requirements and forecast receipts, which show that the Company can continue to meet its debts as they fall due assuming that the debts of the limited partnership are not called due to the Event of Default (which is explained below).

On 15 March 2019 the parent company and performance guarantor of the Facilities Manager ("FM") for the limited partnership, Interserve Plc ("Interserve") entered into administration. This resulted in the project entering technical default, as the administration of the performance guarantor of the FM provider is an Event of Default in the Facilities Agreement. The FM provider itself is not in administration and service have continued to be provided in accordance with the terms of the contract.

The Directors of the general partner, Wymondham Limited, which is responsible for running the limited partnership, have acted to resolve the Event of Default and are seeking to procure a revised performance guarantee.

The Directors are of the opinion that the limited partnership can continue to provide its contractual obligation in relation to facilities management services under the Project Agreement and as such continue to receive payment of the Unitary Charge in full. The limited partnership continues to trade normally and as at the date of signing the financial statements, the Unitary Charge continues to be paid. The Directors of the general partner are in regular and continuing discussions with the Lenders who are aware of the situation, the proposed mitigation and remain supportive of the project. The Directors are not aware of any indication that the Lenders will not approve the revised performance guarantee or intend to call in the balances owed to them.

Given the above, at the time of approving the financial statements, the Directors have a reasonable expectation that the limited partnership has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements of the Company.

However there is no certainty that a replacement FM performance guarantee pursuant to the FMA will be agreed or that the lenders will not exercise their rights under the Event of Default prior to its resolution and as such there is a material uncertainty that may cast significant doubt over the limited partnership's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. As the Company is dependent on the ability of the limited partnership to remain solvent and to continue repaying its debts owed to the Company, which in turn enable the Company to repay its debts, the Event of Default in the limited partnership gives rise to a material uncertainty in the Company. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

G J Frost  
M J Gregory  
M A Anwer

**Report of the Directors  
for the year ended 31 December 2018**

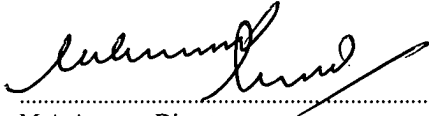
**DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**AUDITOR**

Ernst & Young LLP resigned as auditor of the company and the directors appointed KPMG LLP to fill the casual vacancy. 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.

**ON BEHALF OF THE BOARD:**

  
.....  
M A Anwer - Director

Date: 30/04/19.....

**Statement of Directors' Responsibilities  
for the year ended 31 December 2018**

The directors are responsible for preparing 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the 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.

## **Independent Auditor's Report to the Members of Narville Limited**

### **Opinion**

We have audited the financial statements of Narville Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Change in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicates that the Company's ability to meet its debts as they fall due is dependent on the performance of Company's interest in Norfolk Limited Partnership (the limited partnership), for which the Company is the limited partner and that the limited partnership has entered technical default as a result of the administration of the parent company of its facilities manager Interserve Integrated Services Limited on 15 March 2019, an event which occurred after the balance sheet date. There is no certainty that a suitable replacement parent company guarantee will be agreed pursuant to the Facilities Management Agreement ("FMA") or that the lenders will not exercise their rights under the Event of Default prior to its resolution. These conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **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, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for 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 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 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](http://www.frc.org.uk/auditorsresponsibilities).

**Independent Auditor's Report to the Members of  
Narville Limited**

**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.



**James Tracey (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH**

Date: 30 April 2019



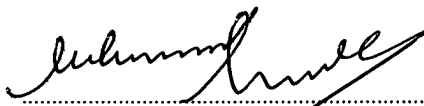
**Statement of Comprehensive Income  
for the year ended 31 December 2018**

	Notes	2018 £	2017 £
<b>TURNOVER</b>		<u>-</u>	<u>-</u>
<b>OPERATING PROFIT</b>	3	-	-
Income from participating interests	4	<u>15,599</u>	<u>14,801</u>
<b>PROFIT BEFORE TAXATION</b>		15,599	14,801
Tax on profit	5	<u>(3,380)</u>	<u>(3,235)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		12,219	11,566
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>12,219</u>	<u>11,566</u>

**Balance Sheet**  
**31 December 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Investments	7	10	10
<b>CURRENT ASSETS</b>			
Debtors	8	88,656	83,831
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>(7,954)</u>	<u>(7,769)</u>
<b>NET CURRENT ASSETS</b>		<u>80,702</u>	<u>76,062</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		80,712	76,072
<b>PROVISIONS FOR LIABILITIES</b>	10	<u>(14,612)</u>	<u>(14,721)</u>
<b>NET ASSETS</b>		<u>66,100</u>	<u>61,351</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1	1
Retained earnings	12	<u>66,099</u>	<u>61,350</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>66,100</u>	<u>61,351</u>

The financial statements were approved by the Board of Directors on 30/04/19 and were signed on its behalf by:

  
.....  
M A Anwer - Director

**Statement of Changes in Equity  
for the year ended 31 December 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2017</b>	1	65,107	65,108
<b>Changes in equity</b>			
Dividends (Note 6)	-	(15,323)	(15,323)
Total comprehensive income	-	11,566	11,566
<b>Balance at 31 December 2017</b>	<u>1</u>	<u>61,350</u>	<u>61,351</u>
<b>Changes in equity</b>			
Dividends (Note 6)	-	(7,470)	(7,470)
Total comprehensive income	-	12,219	12,219
<b>Balance at 31 December 2018</b>	<u>1</u>	<u>66,099</u>	<u>66,100</u>

**Notes to the Financial Statements  
for the year ended 31 December 2018**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards, and are presented in pounds sterling which is the functional currency of the company.

**Statement of compliance**

Narville Limited is a limited company incorporated in England. The Registered Office is 3 More London Riverside, London, SE1 2AQ. The financial statements have been prepared in compliance with FRS 102 and the Companies Act 2006 for the year ended 31 December 2018.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company is a qualifying entity as defined by FRS 102. Consequently, the company has taken advantage of the disclosure exemption set out in Section 1.12 not to prepare a statement of cashflows.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Going concern**

The Company is in a net asset position as at 31 December 2018. The Directors have reviewed the Company's forecasts and projections, taking into account future cash requirements and forecast receipts, which show that the Company can continue to meet its debts as they fall due assuming that the debts of the limited partnership, Norfolk Limited Partnership, for which this company is the limited partner for, are not called due to an Event of Default.

The Company's ability to meet its debts as they fall due is dependent on the performance of Company's interest in Norfolk Limited Partnership (the limited partnership), for which this company is the limited partner. The Directors have reviewed the Company's forecasts and projections, taking into account future cash requirements and forecast receipts, which show that the Company can continue to meet its debts as they fall due assuming that the debts of the limited partnership are not called due to the Event of Default (which is explained below).

On 15 March 2019 the parent company and performance guarantor of the Facilities Manager ("FM") for the limited partnership, Interserve Plc ("Interserve") entered into administration. This resulted in the project entering technical default, as the administration of the performance guarantor of the FM provider is an Event of Default in the Facilities Agreement. The FM provider itself is not in administration and service have continued to be provided in accordance with the terms of the contract.

The Directors have acted to resolve the Event of Default and are seeking to procure a revised performance guarantee.

The Directors are of the opinion that the limited partnership can continue to provide its contractual obligation in relation to facilities management services under the Project Agreement and as such continue to receive payment of the Unitary Charge in full. The limited partnership continues to trade normally and as at the date of signing the financial statements, the Unitary Charge continues to be paid. The Directors are in regular and continuing discussions with the Lenders who are aware of the situation, the proposed mitigation and remain supportive of the project. The Directors are not aware of any indication that the Lenders will not approve the revised performance guarantee or intend to call in the balances owed to them.

Given the above, at the time of approving the financial statements, the Directors have a reasonable expectation that the limited partnership has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements of the Company.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2018**

**1. ACCOUNTING POLICIES - CONTINUED**

**Going concern - continued**

However there is no certainty that a replacement FM performance guarantee pursuant to the FMA will be agreed or that the lenders will not exercise their rights under the Event of Default prior to its resolution and as such there is a material uncertainty that may cast significant doubt over the limited partnership's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. As the Company is dependent on the ability of the limited partnership to remain solvent and to continue repaying its debts owed to the Company, which in turn enable the Company to repay its debts, the Event of Default in the limited partnership gives rise to a material uncertainty in the Company. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**Investments**

Investments are stated at cost less provision for any impairment in value.

**Related party disclosures**

The company has taken advantage of the exemption in Section 33.1 A Related Party Disclosures not to disclose related party transactions between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

**Short term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in the administrative expenses.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

**2. EMPLOYEES AND DIRECTORS**

The company has no employees and hence there were no staff costs for the year ended 31 December 2018 (2017: £nil).

**3. OPERATING PROFIT**

The directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (2017: £nil). The audit fee of £332 (2017: £1,025) for the company is borne by Norfolk Limited Partnership.

**4. INCOME FROM PARTICIPATING INTERESTS**

Income from participating interests represents the company's share of the allocated results of the Norfolk Limited Partnership for the year.

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	3,489	3,281
Deferred tax (Note 10)	<u>(109)</u>	<u>(46)</u>
Tax on profit	<u><u>3,380</u></u>	<u><u>3,235</u></u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2018

5. TAXATION - CONTINUED

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>15,599</u>	<u>14,801</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	2,964	2,849
Effects of:		
Effects of difference in tax rates	1	8
Expenses not deductible for tax purposes	415	379
Prior year adjustment	-	(1)
Total tax charge	<u>3,380</u>	<u>3,235</u>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 18% was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated on this basis.

6. DIVIDENDS

	2018 £	2017 £
Ordinary share of £1		
Interim	<u>7,470</u>	<u>15,323</u>
	<u>7,470</u>	<u>15,323</u>

7. FIXED ASSET INVESTMENTS

	Interest in other participating interests £
<b>COST</b>	
At 1 January 2018 and 31 December 2018	<u>10</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>10</u>
At 31 December 2017	<u>10</u>

The company has invested in Norfolk Limited Partnership through the pledge of £10 to the capital account of the limited partnership which has a total pledged capital of £1,000. The company is entitled to a 1% share of the net income or losses and a 1% share of any capital gains or losses of the limited partnership, and has no control over the operating decisions of the limited partnership.

Norfolk Limited Partnership is the contractual party in a PFI concession arrangement with Norfolk Police Authority.

Notes to the Financial Statements - continued  
for the year ended 31 December 2018

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Amounts owed by group undertakings	88,655	83,830
Called up share capital not paid	<u>1</u>	<u>1</u>
	<u>88,656</u>	<u>83,831</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Amounts owed to group undertakings	7,229	4,477
Taxation and social security	<u>725</u>	<u>3,292</u>
	<u>7,954</u>	<u>7,769</u>

10. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax	<u>14,612</u>	<u>14,721</u>
		Deferred tax
		£
Balance at 1 January 2018		14,721
Deferred tax credit for the year (note 5)		(109)
		<u>14,612</u>
Balance at 31 December 2018		

Deferred tax liability consists of:

	2018	2017
	£	£
Accelerated capital allowances	12,606	12,679
Other timing differences	<u>2,006</u>	<u>2,042</u>
	<u>14,612</u>	<u>14,721</u>

11. CALLED UP SHARE CAPITAL

Allotted and issued:			2018	2017
Number:	Class:	Nominal value:	£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

12. RESERVES

	Retained earnings
	£
At 1 January 2018	61,350
Profit for the year	12,219
Dividends (Note 6)	<u>(7,470)</u>
At 31 December 2018	<u>66,099</u>

**13. ULTIMATE CONTROLLING PARTY**

The directors regard IPP PFI Holdings Limited, a company incorporated in England and Wales as the immediate parent undertaking and controlling party and International Public Partnerships Limited a company registered in Guernsey as the ultimate parent undertaking and controlling party. Copies of the consolidated financial statements of International Public Partnerships Limited Partnership (a UK registered limited partnership and the smallest and largest group of which the company is a member and for which group financial statements are prepared) can be obtained from the registered address at 3 More London Riverside, London, SE1 2AQ.