

V.B. INVESTMENTS LIMITED

CONSOLIDATED  
ANNUAL REPORT  
FOR THE YEAR ENDED  
31ST DECEMBER 2016

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COMPANIES HOUSE

V.B. INVESTMENTS LIMITED

COMPANY INFORMATION

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DIRECTORS

J-P Bonnet  
I D Hudson

REGISTERED OFFICE

Astral House  
Imperial Way  
Watford  
Hertfordshire  
WD24 4WW

REGISTERED NUMBER

4818651

BANKERS

National Westminster Bank Plc  
P O Box 2DG  
208 Piccadilly  
London  
W1A 2DG

AUDITOR

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Principal activity and business review**

The Group is engaged in long-term contracts to design, build, finance, operate and manage buildings under the Private Finance Initiative. The Group is a wholly owned subsidiary of the VINCI Pension Fund and is concentrating on two projects in Dorset and Swindon.

**Business and financial risks**

The Group faces the risk of deduction of unitary payments by the Local Authority for which it operates based on the lack of availability of the contracted services and/or poor performance of these services. The Group is able to mitigate these risks because these deductions are generally passed down to the relevant subcontractors; consequently, these risks ultimately lie with the service providers. Therefore, business risks are limited due to the contract between the Group and the support services providers.

The significant use of non-recourse debt for financing assists the Group in matching the cash flows and the financial risk management of PFI projects. Furthermore, the bulk of the debt is fixed rate achieved through interest rate SWAPS.

**Results**

The loss after taxation for the financial year as shown in the consolidated profit and loss account on page 6 amounted to £397,000 (2015: £505,000). The Company paid dividends of £303,000 during the year (2015: £210,000). The Directors do not propose the payment of a final dividend.



I D Hudson  
Director

DIRECTORS' REPORT

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The Directors submit their report to the members, together with the consolidated financial statements for the year ended 31st December 2016.

**Directors**

The current Directors of the Company who served during the year are as follows:

|            |                    |
|------------|--------------------|
| D J Finch  | resigned 19/01/16  |
| H Snow     | resigned 03/02/16  |
| J-P Bonnet | appointed 15/01/16 |
| I D Hudson | appointed 15/01/16 |

**Indemnity Provision**

No qualifying third party provision is in force for the benefit of any director of the Company.

**Going Concern**

The financial statements have been prepared on the going concern basis of accounting which the directors believe to be appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue to trade as a going concern.

**Political Donations**

The Company made no political donations nor incurred any political expenditure in the current or previous periods.

**Disclosure of information to the 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 steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor 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.

**Approval**

The Report of the Directors was approved by the Board on 30 May 2017 and signed on its behalf by:



I D Hudson  
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC  
REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF V.B. INVESTMENTS LIMITED

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We have audited the financial statements of V.B. Investments Limited for the year ended 31st December 2016 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

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 4, 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](http://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 group's and of the parent company's affairs as at 31st December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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 that report 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**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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.



**William Meredith (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
KPMG LLP  
15 Canada Square  
London  
E14 5GL

31 May 2017

V.B. INVESTMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2016

|   | Notes | 2016<br>£000 | 2015<br>£000 |
|---|-------|--------------|--------------|
| Turnover  |       | 3,555        | 3,146        |
| Cost of sales   |       | (2,766)      | (2,380)      |
| Gross profit  |       | 789          | 766          |
| Administrative expenses   |       | (496)        | (535)        |
| Operating profit  | 2     | 293          | 231          |
| Interest receivable and similar income  | 4     | 2,371        | 2,434        |
| Interest payable and similar charges  | 4     | (2,082)      | (2,113)      |
| Profit on ordinary activities before taxation   |       | 582          | 552          |
| Tax on profit on ordinary activities  | 5     | (185)        | (47)         |
| Profit for the year   |       | 397          | 505          |
| <b>Other Comprehensive Income</b>   |       | 2016<br>£000 | 2015<br>£000 |
| Items that will, or may be, classified to profit or loss:<br>(Loss)/profit arising on cashflow hedges |       | (1,403)      | 1,037        |
| Tax recognised in relation to change in fair value<br>cashflow hedges                                 | 6     |              | (207)        |
| Other comprehensive (expense)/income for the year   |       | (1,397)      | 830          |
| Total comprehensive (expense)/income for the year   |       | (1,000)      | 1,335        |
| All results arising from continuing operations  |       |              |              |

The notes on pages 12 to 22 form an integral part to these financial statements.

## V.B. INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2016

|  | Called up<br>share capital | Premium<br>account | Cash flow<br>hedge reserve | Profit and<br>loss<br>account | Total<br>Equity |
|--|----------------------------|--------------------|----------------------------|-------------------------------|-----------------|
|  | £000                       | £000               | £000                       | £000                          | £000            |
| Balance at 1st January 2015                        | 5                          | 49                 | (6,988)                    | (515)                         | (7,449)         |
| <b>Total comprehensive income for the period</b>   |                            |                    |                            |                               |                 |
| Profit   | -                          | -                  | -                          | 505                           | 505             |
| Other comprehensive income                         | -                          | -                  | 830                        | -                             | 830             |
| Total comprehensive income for the period          | -                          | -                  | 830                        | 505                           | 1,335           |
| Dividends  | -                          | -                  | -                          | (210)                         | (210)           |
| Total contributions by and distributions to owners | -                          | -                  | -                          | (210)                         | (210)           |
| <b>Balance at 31st December 2015</b>               | <b>5</b>                   | <b>49</b>          | <b>(6,158)</b>             | <b>(220)</b>                  | <b>(6,324)</b>  |
|  | Called up<br>share capital | Premium<br>account | Cash flow<br>hedge reserve | Profit and<br>loss<br>account | Total<br>Equity |
|  | £000                       | £000               | £000                       | £000                          | £000            |
| Balance at 1st January 2016                        | 5                          | 49                 | (6,158)                    | (220)                         | (6,324)         |
| <b>Total comprehensive income for the period</b>   |                            |                    |                            |                               |                 |
| Profit   | -                          | -                  | -                          | 397                           | 397             |
| Other comprehensive expense                        | -                          | -                  | (1,397)                    | -                             | (1,397)         |
| Total comprehensive expense for the period         | -                          | -                  | (1,397)                    | 397                           | (1,000)         |
| Dividends  | -                          | -                  | -                          | (303)                         | (303)           |
| Total contributions by and distributions to owners | -                          | -                  | -                          | (303)                         | (303)           |
| <b>Balance at 31st December 2016</b>               | <b>5</b>                   | <b>49</b>          | <b>(7,555)</b>             | <b>(126)</b>                  | <b>(7,627)</b>  |

The cashflow hedge comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments related to hedged transactions that have not yet occurred.

The notes on pages 12 to 22 form an integral part of these financial statements.



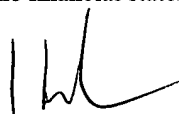
V.B. INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET  
AT 31ST DECEMBER 2016

|   | Notes | 2016<br>£000 | 2015<br>£000 |
|---|-------|--------------|--------------|
| <b>Current assets</b>                                 |       |              |              |
| Debtors: due within one year                          | 7     | 1,317        | 1,012        |
| Debtors: due after more than one year                 | 8     | 24,020       | 25,779       |
| Cash at bank and in hand                              |       | 7,097        | 6,200        |
|   |       | <hr/>        | <hr/>        |
|   |       | 32,434       | 32,991       |
| <b>Creditors: amounts falling due within one year</b> | 9     | (3,481)      | (2,579)      |
|   |       | <hr/>        | <hr/>        |
| <b>Net current assets</b>                             |       | 28,953       | 30,412       |
| <b>Creditors: amounts falling due after one year</b>  | 10    | (36,580)     | (36,736)     |
|   |       | <hr/>        | <hr/>        |
| <b>Net assets</b>                                     |       | (7,627)      | (6,324)      |
|   |       | <hr/>        | <hr/>        |
| <b>Capital and reserves</b>                           |       |              |              |
| Called up share capital                               | 12    | 5            | 5            |
| Share premium account                                 |       | 49           | 49           |
| Cashflow hedge reserve                                |       | (7,555)      | (6,158)      |
| Profit and loss account                               |       | (126)        | (220)        |
|   |       | <hr/>        | <hr/>        |
| <b>Shareholders' funds</b>                            |       | (7,627)      | (6,324)      |
|   |       | <hr/>        | <hr/>        |

The notes on pages 12 to 22 form an integral part to these financial statements.

The financial statements were approved by the Board on 30 May 2017 and signed on its behalf by:



I D Hudson  
Director  
Company Registered Number 4818651

V.B. INVESTMENTS LIMITED

COMPANY BALANCE SHEET  
AT 31ST DECEMBER 2016

|   | Notes | 2016<br>£000 | 2015<br>£000 |
|---|-------|--------------|--------------|
| <b>Fixed assets</b>                                   |       |              |              |
| Investments   | 6     | 51           | 51           |
| <b>Current assets</b>                                 |       |              |              |
| Debtors: due within one year                          | 7     | 287          | 75           |
| Debtors: due after more than one year                 | 8     | 3,538        | 3,567        |
| Cash at bank and in hand                              |       | 3            | 3            |
|   |       | <hr/>        | <hr/>        |
|   |       | 3,828        | 3,645        |
| <b>Creditors: amounts falling due within one year</b> | 9     | (287)        | (75)         |
|   |       | <hr/>        | <hr/>        |
| <b>Net current assets</b>                             |       | 3,541        | 3,570        |
|   |       | <hr/>        | <hr/>        |
| <b>Total assets less current liabilities</b>          |       | 3,592        | 3,621        |
| <b>Creditors: amounts due after one year</b>          | 10    | (3,538)      | (3,567)      |
|   |       | <hr/>        | <hr/>        |
| <b>Net assets</b>                                     |       | 54           | 54           |
|   |       | <hr/>        | <hr/>        |
| <b>Capital and reserves</b>                           |       |              |              |
| Called up share capital                               | 12    | 5            | 5            |
| Share premium account                                 | 13    | 49           | 49           |
| Profit and loss account                               | 13    | -            | -            |
|   |       | <hr/>        | <hr/>        |
| <b>Shareholders' funds</b>                            | 14    | 54           | 54           |
|   |       | <hr/>        | <hr/>        |

The financial statements were approved by the Board on 30 May 2017 and signed on its behalf by:

The notes on pages 12 to 22 form an integral part to these financial statements.



I D Hudson  
Director  
Company Registered Number 481651

V.B. INVESTMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2016

|   | Notes | 2016<br>£000 | 2015<br>£000 |
|---|-------|--------------|--------------|
| <b>Cash flows from operating activities</b>                     |       |              |              |
| Profit for the year   |       | 397          | 505          |
| Adjustments for :   |       |              |              |
| Interest received   | 4     | (2,371)      | (2,434)      |
| Interest paid   | 4     | 2,082        | 2,113        |
| Taxation  | 5     | 185          | 47           |
|   |       | <hr/>        | <hr/>        |
|   |       | 293          | 231          |
| <b>Operating cash flows before movements in working capital</b> |       |              |              |
| Decrease in debtors   |       | 3,790        | 1,599        |
| Decrease in creditors   |       | (8)          | 363          |
|   |       | <hr/>        | <hr/>        |
| <b>Cash generated from operations</b>                           |       | 4,075        | 2,193        |
| Interest paid   |       | (1,876)      | (2,626)      |
| Tax paid  |       | (191)        | (69)         |
|   |       | <hr/>        | <hr/>        |
| <b>Net cash from operating activities</b>                       |       | 2,008        | (502)        |
|   |       | <hr/>        | <hr/>        |
| <b>Cash flows from investing activities</b>                     |       |              |              |
| Interest received   |       | 31           | 2,434        |
|   |       | <hr/>        | <hr/>        |
| <b>Net cash from investing activities</b>                       |       | 31           | 2,434        |
|   |       | <hr/>        | <hr/>        |
| <b>Cash flows from financing activities</b>                     |       |              |              |
| Repayment of bank loans   |       | (839)        | (972)        |
| Dividend paid   |       | (303)        | (210)        |
|   |       | <hr/>        | <hr/>        |
| <b>Net cash from financing activities</b>                       |       | (1,142)      | (1,182)      |
|   |       | <hr/>        | <hr/>        |
| Net increase in cash and cash equivalents                       |       | 897          | 750          |
| Cash and cash equivalents at 1st January                        |       | 6,200        | 5,450        |
|   |       | <hr/>        | <hr/>        |
| <b>Cash and cash equivalents at 31st December</b>               |       | 7,097        | 6,200        |
|   |       | <hr/>        | <hr/>        |

The notes on pages 12 to 22 form an integral part to these financial statements.

V.B. INVESTMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT (continued)  
FOR THE YEAR ENDED 31ST DECEMBER 2016

(a) Analysis of changes in net funds

|                       | Cash    | Subordinated<br>loans | Bank loans<br>and other<br>financial<br>liabilities | Total    |
|-----------------------|---------|-----------------------|---|----------|
|                       | £000    | £000                  | £000  | £000     |
| At 1st January 2016   | 6,200   | (3,567)               | (34,685)  | (32,052) |
| Net cash flow         | 897     | (43)                  | 882   | 1,736    |
| Non cash movements    | -       | -                     | (1,403)   | (1,403)  |
|                       | <hr/>   | <hr/>                 | <hr/>   | <hr/>    |
| At 31st December 2016 | (7,097) | (3,610)               | (35,206)  | (31,719) |
|                       | <hr/>   | <hr/>                 | <hr/>   | <hr/>    |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31ST DECEMBER 2016

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**1 Accounting Policies**

V.B. Investments Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

**Basis of Preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Service concession arrangements - The Company entered into its Service concession arrangement before the date of transition to this FRS. Therefore, its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.
- Hedge accounting documentation - The Company has taken advantage of the exemption in respect of having prepared hedge accounting documentation for each of the hedging relationships which existed previously before the date of transition.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemption available under FRS 102 in respect of certain disclosures for the parent company financial statements has been applied.

- Cash Flow Statement and related notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

**1.1 Measurement Convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

**1.2 Going Concern**

The directors have adopted the going concern basis in the accounts and consider such basis to be appropriate. In reaching this conclusion they have considered the expected cash inflows and outflows for the Company over the remaining life of the projects.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

**1.3 Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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**1 Accounting Policies (continued)**

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**1.4 Basic financial instruments**

*Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value for future payments discounted at a market rate of instrument for a similar debt instrument.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowing are stated at amortised cost using the effective interest method, less any impairment losses.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

**1.5 Other financial instruments**

*Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

*Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

*Cash flow hedges*

The Company has entered into an interest rate swap and has designated this as a hedge for highly probably forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedged relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedged relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

**1 Accounting Policies (continued)**

**1.6 Impairment excluding deferred tax assets**

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**1.7 Finance debtor and service income policy**

The Company is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Company under FRS 102 section 34C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23. The Company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

**1.8 Taxation**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 2016

|    |  |         |         |
|----|--|---------|---------|
| 2. | <b>Operating profit</b>  | 2016    | 2015    |
|    | This is stated after charging:   | £000    | £000    |
|    | Auditors' remuneration: audit of these financial statements  | 6       | 6       |
| 3. | <b>Employees</b>   |         |         |
|    | (i) The Group had no employees during the year (2015: none).   |         |         |
|    | (ii) None of the Directors received any remuneration relating to their services as Directors of V.B. Investments Limited (2015: none). |         |         |
| 4. | <b>Net interest receivable</b>   | 2016    | 2015    |
|    | <b>Interest receivable</b>   | £000    | £000    |
|    | Finance debtor interest  | 2,340   | 2,404   |
|    | Other interest   | 31      | 30      |
|    |  | <hr/>   | <hr/>   |
|    |  | 2,371   | 2,434   |
|    | <b>Interest payable</b>  |         |         |
|    | Bank interest payable  | (1,527) | (1,255) |
|    | Other interest   | (547)   | (850)   |
|    | Amortised cost of financial debt   | (8)     | (8)     |
|    |  | <hr/>   | <hr/>   |
|    |  | (2,082) | (2,113) |
|    |  | <hr/>   | <hr/>   |
| 5. | <b>Tax on profit on ordinary activities</b>  | 2016    | 2015    |
|    | Taxation charge for the year comprised:  | £000    | £000    |
|    | Current tax on income for the year   | 175     | 92      |
|    | Origination and reversal of timing differences   | 10      | (45)    |
|    |  | <hr/>   | <hr/>   |
|    | Deferred tax   | 10      | (45)    |
|    |  | <hr/>   | <hr/>   |
|    | Tax charge on profit on ordinary activities  | 185     | 47      |
|    |  | <hr/>   | <hr/>   |



V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 2016

5. **Tax on profit on ordinary activities (continued)**

| Current taxation reconciliation                           | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Profit on ordinary activities before taxation             | 582          | 552          |
| Theoretical tax at UK corporation rate 20% (2015: 20.25%) | 117          | 112          |
| Effects of:   |              |              |
| Expenditure not tax deductible                            | 85           | 9            |
| Accelerated capital allowances                            | (10)         | (12)         |
| Short term timing differences                             | (2)          | (2)          |
| Utilisation of losses brought forward                     | -            | (15)         |
| FRS102 adjustment   | (11)         | -            |
| Dividends receivable not chargeable to corporation tax    | (4)          | -            |
| Actual current taxation charge                            | 175          | 92           |

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were 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 asset at 31 December 2016 has been calculated based on these rates.

6. **Investments**

| <b>Company</b>                             | £000 |
|--|------|
| Cost:                                      |      |
| At 1st January 2016 and 31st December 2016 | 51   |
| Provision:                                 |      |
| At 1st January 2016 and 31st December 2016 | -    |
| Net book value:                            |      |
| At 31st December 2016                      | 51   |
| At 31st December 2015                      | 51   |

The above investment represents 100% of the issued ordinary share capital of WPA Support Services (Holdings) Limited and DPASS (Holdings) Limited. Both companies are incorporated in England.

## V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 2016

|    |  |         |         |
|----|--|---------|---------|
| 7. | <b>Debtors: due within one year</b>            | 2016    | 2015    |
|    | <b>Group</b>                                   | £000    | £000    |
|    | Finance debtor (see below)                     | 1,024   | 961     |
|    | Other debtors                                  | 293     | 51      |
|    |  | <hr/>   | <hr/>   |
|    |  | 1,317   | 1,012   |
|    |  | <hr/>   | <hr/>   |
|    | <b>Company</b>                                 | 2016    | 2015    |
|    |  | £000    | £000    |
|    | Amounts due from subsidiary undertakings       | 287     | 75      |
|    |  | <hr/>   | <hr/>   |
| 8. | <b>Debtors : due after one year</b>            | 2016    | 2015    |
|    | <b>Group</b>                                   | £000    | £000    |
|    | Finance debtor: due after one year             | 23,587  | 25,342  |
|    | Deferred tax asset (see below)                 | 433     | 437     |
|    |  | <hr/>   | <hr/>   |
|    |  | 24,020  | 25,779  |
|    |  | <hr/>   | <hr/>   |
|    | <b>Analysis of finance debtor</b>              | 2016    | 2015    |
|    |  | £000    | £000    |
|    | Finance debtor : due after one year            | 23,587  | 25,342  |
|    | Amounts due:                                   |         |         |
|    | Within one year                                | 1,024   | 961     |
|    | Between two and five years                     | 4,895   | 4,700   |
|    | Over five years                                | 18,692  | 20,642  |
|    |  | <hr/>   | <hr/>   |
|    |  | 24,611  | 26,303  |
|    |  | <hr/>   | <hr/>   |
|    | <b>Company</b>                                 | 2016    | 2015    |
|    |  | £000    | £000    |
|    | Amounts due from subsidiary undertakings       | 3,538   | 3,567   |
|    |  | <hr/>   | <hr/>   |
|    | <b>Deferred tax asset</b>                      |         |         |
|    |  | 2016    | 2015    |
|    |  | £000    | £000    |
|    | Deferred tax is attributable to the following: |         |         |
|    | Group  |         |         |
|    | On revaluation of fair value of derivatives    | 1,559   | 1,595   |
|    | Other timing differences                       | 20      | 22      |
|    | Capital allowances                             | (1,146) | (1,180) |
|    |  | <hr/>   | <hr/>   |
|    |  | 433     | 437     |
|    |  | <hr/>   | <hr/>   |

## V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 2016

## 8. Debtors : due after one year (continued)

|   | 1st January<br>2015 | Recognised in<br>income | Recognised<br>in equity | 31st<br>December<br>2015<br>£000 |
|---|---------------------|-------------------------|-------------------------|----------------------------------|
| Movement in deferred tax during the prior year              | £000                | £000                    | £000                    | £000                             |
| Deferred tax on revaluation of fair value of<br>derivatives | 1,809               | (7)                     | (207)                   | 1,595                            |
| Other timing differences                                    | 26                  | (4)                     | -                       | 22                               |
| Capital allowances  | (1,236)             | 56                      | -                       | (1,180)                          |
|   | 599                 | 45                      | (207)                   | 437                              |
|   | 1st January<br>2016 | Recognised in<br>income | Recognised<br>in equity | 31st<br>December<br>2016<br>£000 |
| Movement in deferred tax during the year                    | £000                | £000                    | £000                    | £000                             |
| Deferred tax on revaluation of fair value of<br>derivatives | 1,595               | (42)                    | 6                       | 1,559                            |
| Other timing differences                                    | 22                  | (2)                     | -                       | 20                               |
| Capital allowances  | (1,180)             | 34                      | -                       | (1,146)                          |
|   | 437                 | (10)                    | 6                       | 433                              |

9. Creditors: amounts falling due within one year  
Group

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Bank loans                                   | 2,187        | 1,473        |
| Subordinated loans                           | 49           | 43           |
| Taxation and social security                 | 227          | 248          |
| Corporation tax                              | 76           | 92           |
| Accruals including accrued interest on loans | 847          | 411          |
| Other creditors                              | 95           | 312          |
|  | 3,481        | 2,579        |
|  | 2016<br>£000 | 2015<br>£000 |
| Company                                      |              |              |
| Amounts due to parent company                | 287          | 75           |
|  | 287          | 75           |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 201610. **Creditors: amounts falling due after more than one year**

| <b>Group</b>                              | <b>2016</b><br><b>£000</b> | <b>2015</b><br><b>£000</b> |
|---|----------------------------|----------------------------|
| Bank loans                                | 23,845                     | 25,234                     |
| Subordinated loans                        | 3,561                      | 3,524                      |
| Other financial liabilities (see note 11) | 9,174                      | 7,978                      |
|   | <hr/>                      | <hr/>                      |
|   | 36,580                     | 36,736                     |
|   | <hr/>                      | <hr/>                      |

Included within bank loans are arrangement fees of £123,000 (2015: £130,000) which are to be written off to the profit and loss account over the period of the loan.

The bank loans are drawn down under non-recourse financing agreements. The Group is committed to senior debt facilities totalling £26,032,000 (2015: £26,707,000).

The amounts owed to the group undertakings represent subordinated loans, the total facility for which is £3,610,000 (2015: £3,567,000) at interest rates of between % and % (2015: 4.89% to 5.4%) per annum.

The loan balances are repayable between twenty-four and thirty months following financial close at rates generally between 4.89% and 5.4%. The total loan balance may be analysed by maturity as follows:

|                            | <b>2016</b><br><b>£000</b> | <b>2015</b><br><b>£000</b> |
|----------------------------|----------------------------|----------------------------|
| <b>Repayable</b>           |                            |                            |
| within one year            | 2,187                      | 1,516                      |
| between one and two years  | 1,292                      | 1,228                      |
| between two and five years | 5,543                      | 4,638                      |
| in more than five years    | 20,620                     | 22,892                     |
|                            | <hr/>                      | <hr/>                      |
|                            | 29,642                     | 30,274                     |
|                            | <hr/>                      | <hr/>                      |

| <b>Company</b>                | <b>2016</b><br><b>£000</b> | <b>2015</b><br><b>£000</b> |
|-------------------------------|----------------------------|----------------------------|
| Amounts due to parent company | 3,538                      | 3,567                      |
|                               | <hr/>                      | <hr/>                      |

## V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 2016

## 11. Financial instruments

## (a) Carrying amount of financial instruments

The carrying amount of the financial instruments include:

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Assets measured at amortised cost       |              |              |
| Finance debtor                          | 24,611       | 26,303       |
| Trade and other debtors                 | 1,259        | 436          |
|   | <hr/>        | <hr/>        |
| Assets measured at cost less impairment | 25,870       | 26,739       |
|   | <hr/>        | <hr/>        |
| Cash and cash equivalents               | 7,097        | 6,197        |
|   | <hr/>        | <hr/>        |
| Liabilities measured at amortised cost  |              |              |
| Trade and other payables                | 1,360        | 971          |
| Bank loan                               | 26,032       | 26,707       |
| Subordinated debt                       | 3,610        | 3,567        |
|   | <hr/>        | <hr/>        |
|   | 31,002       | 31,245       |
|   | <hr/>        | <hr/>        |

(b) Financial instrument measured in fair value  
Derivate financial instruments

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cashflows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Liabilities measured at fair value through profit and loss

|                     |                         |                              |
|---------------------|-------------------------|------------------------------|
| Interest rate swaps | 9,174                   | 7,978                        |
|                     | <hr/>                   | <hr/>                        |
| Hedge accounting    |                         |                              |
|                     | 2016                    |                              |
|                     | Carrying amount<br>£000 | Within 1<br>year<br>£000     |
|                     |                         | Between 1-2<br>years<br>£000 |
|                     |                         | Between 2-5<br>years<br>£000 |
|                     |                         | 5 years and<br>over<br>£000  |
| Interest rate swap  | 9,174                   | 1,300                        |
|                     | <hr/>                   | <hr/>                        |
|                     | 2015                    |                              |
|                     | Carrying amount<br>£000 | Within 1<br>year<br>£000     |
|                     |                         | Between 1-2<br>years<br>£000 |
|                     |                         | Between 2-5<br>years<br>£000 |
|                     |                         | 5 years and<br>over<br>£000  |
| Interest rate swap  | 7,978                   | 1,228                        |
|                     | <hr/>                   | <hr/>                        |

The Company has entered into an interest rate swap under the bank loan which expires between March 2027 and December 2033. A fixed rate of 5.14% and 6.06% applies to all amounts drawn down under the facilities plus the margins shown above. The interest rate swap converts the borrowings from the rates linked to LIBOR to the fixed rates above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 2016

12. **Share capital****Group and Company**

|   | Allotted, called up and fully paid |       |
|---|------------------------------------|-------|
|   | 2016                               | 2015  |
|   | £                                  | £     |
| 4,000 'B' Ordinary shares of £1 each – VINCI Pensions Limited | 4,000                              | 4,000 |
| 1,000 'V' Ordinary shares of £1 each- VINCI Pensions Limited  | 1,000                              | 1,000 |
|   | <hr/>                              | <hr/> |
|   | 5,000                              | 5,000 |
|   | <hr/>                              | <hr/> |

There are no differences between the rights of the 'B' and 'V' ordinary shares.

13. **Reserves****Company**

|                       | Share premium account | Profit and loss account |
|-----------------------|-----------------------|-------------------------|
|                       | £000                  | £000                    |
| At 1st January 2016   | 49                    | -                       |
| Profit for the year   | -                     | 303                     |
| Dividends paid        | -                     | (303)                   |
|                       | <hr/>                 | <hr/>                   |
| At 31st December 2016 | 49                    | -                       |
|                       | <hr/>                 | <hr/>                   |

14. **Related party transactions**  
**Group**

During the year the Group paid subordinated debt interest of £249,000 (2015: £692,000) to VINCI Pensions Limited, its parent company.

Included within creditors is subordinated debt and interest owed to VINCI Pensions Limited of £3,538,000 (2015: £3,567,000).

**Company**

The Company received subordinated debt interest from its wholly owned subsidiaries:

DPA Support Services Limited £249,000 (2015: £402,000)  
WPA Support Services Limited £ - (2015: £442,000)

The company paid subordinated debt interest of £249,000 (2015: £692,000) to VINCI Pensions Limited.

Included within debtors is subordinated debt and interest owed by:

DPA Support Services Limited £1,959,000 (2015: £2,158,000)  
WPA Support Services Limited £1,579,000 (2015: £1,409,000)

Included within creditors is subordinated debt and interest owed to VINCI Pensions Limited of £3,538,000 (2015: £3,567,000).

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AT 31ST DECEMBER 2016

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**15. Ultimate parent undertaking**

The company's ultimate parent entity at the end of the year was VINCI Pensions Limited. The address from which the financial statements can be obtained is Ditton Road, Widnes, Cheshire, WA8 0PG.