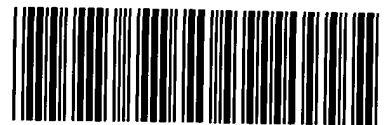


REGISTERED NUMBER: 4818651

V.B. INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS AND
ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2022

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V.B. INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTORS

R J Murphy
I D Hudson

REGISTERED OFFICE

Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

REGISTERED NUMBER

4818651

BANKER

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

AUDITOR

RSM UK Audit LLP
Third Floor, Priory Place
New London Road
Chelmsford
Essex
CM2 0PP

Principal activity, review of the business and future developments.

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 for which services were delivered to the required contractual standards in the year resulting in immaterial deductions to the unitary charge on both projects. WPA Support Services Limited entered into a long-term contract under the Private Finance Initiative with Wiltshire Police Authority to design, build, finance, operate and manage a new divisional headquarters facility in Swindon over a 30-year concession period. During 2005, the construction of the headquarters facility was completed.

DPA Support Services Limited's contract was to build a new divisional police headquarters and provide support functions, and in addition, to refurbish an existing section of the station at Dorchester and build section stations at Bridport and East Weymouth. The project has been delivered under the Private Finance Initiative. The group, through its subsidiary undertaking, is entitled to receive concession revenue for 30 years after completing the construction work in January 2002.

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, which were not material in the year, 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 Group is exposed to the potential risk of subcontractor insolvency although this is mitigated through regular review of subcontractor financial and operational performance.

Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees.

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.

In respect of the debt held by WPA Support Services Limited, following the 10-year anniversary of the commencement of operations on 25th July 2015, the senior debt facility agreement provides semi-annually for surplus funds of the company to be utilised in the early repayment of senior debt principal. This leads to earlier repayment of the senior debt than was anticipated at financial close and a position whereby the interest rate swap is using notional balances higher than outstanding loan balances in future periods and the loan is considered to be over-hedged. The company has considered refinancing to remove the risk of being over-hedged, but this is not currently commercially attractive.

Results

The profit after taxation for the financial year as shown in the consolidated profit and loss account on page 8 amounted to £1,450,000 (2021: £972,000). The Company paid dividends of £200,000 during the year (2021: £550,000). The Directors do not propose the payment of a final dividend.



I D Hudson
Director

V.B. INVESTMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2022

The Directors submit their report to the members, together with the consolidated financial statements for the year ended 31st December 2022.

Directors

The current Directors of the Company who served throughout the year are set out on page 1.

Indemnity Provision

During the year, a qualifying third-party indemnity provision was in place for the benefit of the Directors provided by VINCI Plc. These provisions remain in force at the reporting date.

Going Concern

The Directors have prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due. Further information of the Directors' assessment is contained within note 1.2.

The Group was able to meet the financial covenants as at 30 September 2022 and 31 March 2023 and is forecast to meet them for the foreseeable future.

Taking into account reasonable possible risks in operations to the Group, the fact the obligations of the Company's two customers are underwritten by the Secretary of State for the Home Department, the Directors have a reasonable expectation that the Group and Company will be able to settle its liabilities as they fall due to the foreseeable future. It is therefore appropriate to prepare these financial statements on the going concern basis.

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 RSM UK Audit LLP will therefore continue in office.

Approval

The Report of the Directors was approved by the Board on 6 June 2023 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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and the company and of the profit or loss of the group 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.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF V.B. INVESTMENTS LIMITED

Opinion

We have audited the financial statements of V.B Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF V.B. INVESTMENTS LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic and directors' reports.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF V.B. INVESTMENTS LIMITED (Continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors

We have not identified any indirect laws and regulations that are significant to the company's operations

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied across the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Nicholas Cattini (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Third Floor, Priory Place

New London Road

Chelmsford

Essex

CM2 0PP

09/06/23 2023

V.B. INVESTMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2022

	Notes	2022 £000	2021 £000
Turnover		5,115	6,012
Cost of sales		(3,991)	(4,785)
Gross profit		1,124	1,227
Administrative expenses		(670)	(574)
Operating profit	2	454	653
Interest receivable and similar income	4	3,510	2,623
Interest payable and similar charges	4	(1,627)	(1,623)
Profit before taxation		2,337	1,653
Taxation	5	(887)	(681)
Profit for the year		1,450	972
Other Comprehensive Income		2022 £000	2021 £000
Items that will, or may be, classified to profit or loss:			
Profit arising on cashflow hedges		2,011	1,526
Tax recognised in relation to change in fair value cashflow hedges		(503)	(103)
Other comprehensive income for the year		1,508	1,423
Total comprehensive income for the year		2,958	2,395
All results arising from continuing operations			

The notes on pages 14 to 24 form an integral part to these financial statements.

V.B. INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Called up share capital £000	Premium account £000	Profit and loss account £000	Total Equity £000
Balance at 1st January 2021	5	49	-	54
Total comprehensive income for the period				
Profit for the year	-	-	540	540
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	540	540
Dividends	-	-	(540)	(540)
Balance at 31st December 2021	5	49	-	54
	Called up share capital £000	Premium account £000	Profit and loss account £000	Total Equity £000
Balance at 1st January 2022	5	49	-	54
Total comprehensive income for the period				
Profit for the year	-	-	200	200
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	200	200
Dividends	-	-	(200)	(200)
Balance at 31st December 2022	5	49	-	54

The notes on pages 14 to 24 form an integral part of these financial statements.

V.B INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Called up share capital	Premium account	Cash flow hedge reserve	Profit and loss account	Total Equity
	£000	£000	£000	£000	£000
Balance at 1st January 2021	5	49	(3,739)	(1,040)	(4,725)
Total comprehensive income for the period					
Loss for the year	-	-	-	972	972
Other comprehensive income	-	-	1,423	-	1,423
Total comprehensive income for the period	-	-	1,423	972	2,395
Dividends	-	-	-	(550)	(550)
Balance at 31st December 2021	5	49	(2,316)	(608)	(2,870)
	Called up share capital	Premium account	Cash flow hedge reserve	Profit and loss account	Total Equity
	£000	£000	£000	£000	£000
Balance at 1st January 2022	5	49	(2,316)	(608)	(2,870)
Total comprehensive income for the period					
Profit for the year	-	-	-	1,450	1,450
Other comprehensive income	-	-	1,508	-	1,508
Total comprehensive income for the period	-	-	1,508	1,450	2,958
Dividends	-	-	-	(200)	(200)
Balance at 31st December 2022	5	49	(808)	642	(112)

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 14 to 24 form an integral part of these financial statements.


V.B. INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER 2022

		2022	2021
		£000	£000
Current assets			
Debtors: due within one year	7	1,646	4,272
Debtors: due after more than one year	8	17,416	18,612
Cash at bank and in hand		4,235	2,683
		<u>23,297</u>	<u>25,567</u>
Creditors: amounts falling due within one year	9	(3,980)	(4,115)
		<u>19,317</u>	<u>21,452</u>
Net current assets			
Creditors: amounts falling due after one year	10	(18,571)	(24,299)
Provision for liabilities and charges	11	(858)	(23)
		<u>(112)</u>	<u>(2,870)</u>
Net liabilities			
Capital and reserves			
Called up share capital	13	5	5
Share premium account		49	49
Cashflow hedge reserve		(808)	(2,316)
Profit and loss account		642	(608)
		<u>(112)</u>	<u>(2,870)</u>
Deficit Shareholders' funds			
		<u>(112)</u>	<u>(2,870)</u>

The notes on pages 14 to 24 form an integral part to these financial statements.

The financial statements were approved by the Board on 6 June 2023 and signed on its behalf by:



I D Hudson
Director
Company Registered Number 4818651

V.B INVESTMENTS LIMITED

COMPANY BALANCE SHEET
AS AT 31ST DECEMBER 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Investments	6	51	51
Current assets			
Debtors: due within one year	7	10	138
Debtors: due after more than one year	8	2,530	2,757
Cash at bank and in hand		3	3
		<hr/>	<hr/>
		2,543	2,898
Creditors: amounts falling due within one year	9	(10)	(138)
		<hr/>	<hr/>
Net current assets		2,533	2,760
		<hr/>	<hr/>
Total assets less current liabilities		2,584	2,811
Creditors: amounts due after one year	10	(2,530)	(2,757)
		<hr/>	<hr/>
Net assets		54	54
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	5	5
Share premium account	13	49	49
Profit and loss account	13	-	-
		<hr/>	<hr/>
Shareholders' funds		54	54
		<hr/>	<hr/>

The company has recorded an unconsolidated profit of £200,000 for the year (2021: £550,000)

The financial statements were approved by the Board on 6 June 2023 and signed on its behalf by:

The notes on pages 14 to 24 form an integral part to these financial statements.



I D Hudson

Director

Company Registered Number 4818651

V.B. INVESTMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Notes	2022 £000	2021 £000
Cash flows from operation activities			
Profit/(loss) for the year		1,450	972
Adjustments for:			
Interest received	4	(3,510)	(2,623)
Interest Paid	4	1,627	1,623
Taxation	5	887	681
		<hr/>	<hr/>
		454	653
Operating cash flows before movements in working capital			
Decrease in debtors		3,822	1,650
(Decrease)/increase in creditors		(259)	353
		<hr/>	<hr/>
Cash generated from operations		4,017	2,656
		<hr/>	<hr/>
Interest Paid		(1,324)	(1,584)
Tax Paid		(535)	(171)
		<hr/>	<hr/>
Net cash from operating activities		2,158	901
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		1,853	1,969
		<hr/>	<hr/>
Net cash from investing activities		1,853	1,969
		<hr/>	<hr/>
Cash flows from financing activities			
Repayments of bank and sub debt loans		(2,259)	(1,876)
Dividend Paid		(200)	(550)
		<hr/>	<hr/>
Net Cash Used in Financing Activities		(2,459)	(2,416)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		1,552	454
Cash and cash equivalents as at 1 st January		2,683	2,229
		<hr/>	<hr/>
Cash and Cash Equivalents as at 31st Dec 2022		4,235	2,683

The notes on pages 14 to 24 form an integral part to these financial statements.

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31ST DECEMBER 2022

1 Accounting Policies

V.B. Investments Limited (the "Company") is a private 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") and the requirements of Companies Act 2006 The presentation currency of these financial statements is sterling and amounts have been rounded to the nearest £'000 unless otherwise stated.

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.

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 Group had net liabilities of £112,000 as at 31 December 2022 and generated a profit for the year then ended of £1,450,000. The net liabilities position is primarily caused by the fair value liability of the interest rate swap contract.

The Directors have prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements, through to 30 September 2024, which indicate that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet liabilities as they fall due for that period. Those forecasts are dependent on the underlying customers continuing to meet obligations under the Project Agreements which are underwritten by the Home Office.

The Group's operating cash inflows are largely dependent on unitary charge receipts receivable from Wiltshire Police Authority and Dorset Police ("The Authority") and the Directors expect these amounts to be received even in severe but plausible downside scenarios.

The Group continues to provide assets in accordance with the contracts and are available to be used. As a result, the Group does not believe there is any likelihood of a material impact to the unitary payments.

The Directors have assessed the viability of its main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the Group, even in downside scenarios, due to the underlying contractual terms.

In the unlikely event of a subcontractor failure, the Group has its own business continuity plans to ensure that service provision will continue.

The Directors believe the Group has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

1 Accounting Policies (continued)

1.2 Going Concern (continued)

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet 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 following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group'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.

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 amount presented in these financial statements for called up share capital and share premium account exclude amount 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.

Restricted Cash

The group through its subsidiary undertakings is obligated to keep a separate cash reserve in respect of future maintenance costs. This restricted cash balance, which is shown on the balance sheet within the 'cash at bank and in hand' balance for cash balances and within "debtors due within one year" for amounts held in fixed term deposits amounts to £2,315,000 at the year-end (2021 £2,498,000).

1 Accounting policies (continued)

1.5 Other financial instruments

The group is also obligated to keep a separate cash reserve in respect of future senior debt service. This restricted cash balance, which is shown on the balance sheet within “debtors due within one year” amounts to £680,000 at the year-end (2021: £793,000)

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 Group, through its subsidiaries has entered into an interest rate swaps and has designated these arrangements 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.

1.6 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 Accounting Policies (continued)

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.

1.9 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

At the inception of the contracts accounting for the service contracts and finance receivables requires estimation of service margins, finance receivable interest rates and finance receivable amortisation profile which is based on forecasted results of the PFI contract.

The directors have considered the interest rates applied to the group's unsecured debt instruments and consider these to be at a market rate of interest.

The group uses derivative finance instruments to hedge certain economic exposures in relation to movements in interest rates as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The group fair values its derivative financial instruments and records the fair value of those on its balance sheet. The measurement of fair value is based on estimates of future market interest and inflation rates and will therefore be subject to change. The group has used the Mark to Market valuation provided by the hedging party to assist with valuing such instruments.

The directors have applied their judgement in assessing the effectiveness of the interest rate swaps and have therefore designated the effective element of each instrument as a cash flow hedge.

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2022

2.	Operating profit	2022	2021
	This is stated after charging:	£000	£000
	Auditors' remuneration: audit of these financial statements	6	6
	Auditors' remuneration: audit of subsidiary undertakings	26	24
3.	Employees		
	(i) The Group had no employees during the year (2021: none).		
	(ii) None of the Directors, who are considered to be Key Management Personnel, received any remuneration relating to their services as Directors of V.B. Investments Limited (2021: none). Fees totalling £300,000 were paid to third parties for directors' services in the current year (2021: £274,000)		
4.	Net interest receivable	2022	2021
	Interest receivable	£000	£000
	Finance debtor interest	1,820	1,910
	Bank Interest Receivable	36	1
	Effective hedge interest element credited to profit	1,654	712
		<hr/>	<hr/>
		3,510	2,623
	Interest payable		
	Bank interest payable	(1,197)	(1,303)
	Other interest	(422)	(312)
	Amortised cost of financial debt	(8)	(8)
		<hr/>	<hr/>
		(1,627)	(1,623)
		<hr/>	<hr/>

Following the 10 year anniversary of the commencement of operations within WPA Support Services Limited on 25th July 2015, the senior debt facility agreement provides semi-annually for surplus funds of the company to be utilised in the early repayment of senior debt principal. This leads to earlier repayment of the senior debt than was anticipated at financial close and a position whereby the interest rate swap is using notional balances higher than outstanding loan balances in future periods and the loan is considered to be over-hedged. The effect has been recognised through profit and loss in the 2022 financial statements totalling a gain of £1,654,000 (2021: £712,000) included in bank interest payable.

5.	Tax on profit on ordinary activities	2022	2021
	Taxation charge for the year comprised:	£000	£000
	Current tax on income for the year	553	411
	Deferred tax credit	334	270
		<hr/>	<hr/>
	Tax charge	887	681
		<hr/>	<hr/>

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2022

5. Tax on profit on ordinary activities (continued)		
Current taxation reconciliation	2022 £000	2021 £000
Profit on ordinary activities before taxation	2,337	1,653
Theoretical tax charge at UK corporation rate 19% (2021: 19%)	(444)	(314)
Effects of:		
Accelerated capital allowances	81	(229)
Original and timing differences	(534)	(283)
Utilisation of losses brought forward	-	-
FRS102 adjustment	10	10
Change in tax rate	-	135
Actual taxation charge	(887)	(681)

An increase UK corporation tax rate from 20% to 25% (effective from 1st April 2023) was substantively enacted on 24th May 2021. The deferred tax asset at 31 December 2022 has been calculated based on these rates.

6. Investments		
Company		£000
Cost:		
At 1st January 2021 and 31st December 2022		51
Provision:		
At 1st January 2021 and 31st December 2022		-
Net book value:		
At 31st December 2022		51
At 31st December 2021		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 2022

7.	Debtors: due within one year	2022	2021
	Group	£000	£000
	Finance debtor (see below)	1,596	1,483
	Other debtors	50	2,789
		<hr/>	<hr/>
		1,646	4,272
		<hr/>	<hr/>
	Company	2022	2021
		£000	£000
	Amounts due from subsidiary undertakings	10	138
		<hr/>	<hr/>
8.	Debtors: due after one year	2022	2021
	Group	£000	£000
	Finance debtor: due after one year	17,416	18,612
		<hr/>	<hr/>
	Analysis of finance debtor	2022	2021
		£000	£000
	Finance debtor: due after one year	17,416	18,612
	Amounts due:		
	Within one year	1,596	1,483
	Between two and five years	5,800	7,085
	Over five years	11,616	11,527
		<hr/>	<hr/>
		19,012	20,095
		<hr/>	<hr/>
	Company	2022	2021
		£000	£000
	Amounts due from subsidiary undertakings	2,530	2,757
		<hr/>	<hr/>

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2022

9.	Creditors: amounts falling due within one year		
	Group	2022	2021
		£000	£000
	Bank loans	2,316	2,178
	Subordinated loans	213	227
	Trade creditors	275	444
	Taxation and social security	240	265
	Corporation tax	522	503
	Accruals including accrued interest on loans	355	484
	Other creditors	59	14
		<hr/>	<hr/>
		3,980	4,115
		<hr/>	<hr/>
	Company	2022	2021
		£000	£000
	Amounts due to parent company	10	138
		<hr/>	<hr/>
		10	138
		<hr/>	<hr/>
10.	Creditors: amounts falling due after more than one year		
	Group	2022	2021
		£000	£000
	Bank loans	14,080	15,917
	Subordinated loans	3,524	3,751
	Other financial liabilities (see note 11)	967	4,631
		<hr/>	<hr/>
		18,571	24,299
		<hr/>	<hr/>

Included within bank loans are arrangement fees of £86,000 (2021: £101,000) 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 £16,396,000 (2021: £18,367,000).

Through WPA Support Services Limited, the group is committed to senior debt facilities of £11,689,000 (2021: £12,599,000). This bank loan was drawn down under a non-recourse financing agreement and will be repayable 30 years following financial close in 6 monthly instalments commencing 30 September 2005 at an interest rate of 5.14% per annum. The senior debt loan is secured by a fixed and floating charge over the assets of the group's subsidiary undertaking, WPA Support Services Limited. Following the 10-year anniversary of the commencement of operations on 25th July 2015, the senior debt facility agreement provides semi-annually for surplus funds of the company to be utilised in the early repayment of senior debt principal. This leads to earlier repayment of the senior debt than was projected at financial

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2022

10. Creditors: amounts falling due after more than one year (continued)

close and therefore to an element of the interest rate swap being deemed as ineffective as a hedging instrument.

Through DPA Support Services Limited, the group is committed to senior debt facilities of £4,707,000 (2021: £5,608,000). The senior debt loan is repayable on a 6 monthly basis with the final repayment date on 31 March 2027. Interest is charged on the loan at 6.06% per annum. The senior debt loan is secured by a fixed and floating charge over the assets of the Group's subsidiary undertaking DPA Support Services Limited.

The amounts owed to the group undertakings represent subordinated loans, the total facility for which is £3,737,000 (2021: £3,706,000) at interest rates of between 11.5% and 12.5% (2021: 11.5% to 12.5%) per annum.

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

	2022 £000	2021 £000
Repayable		
within one year	2,529	2,405
between one and two years	2,411	2,269
between two and five years	7,580	8,015
in more than five years	7,613	9,384
	<hr/>	<hr/>
	20,133	22,073
	<hr/>	<hr/>
Company		
	2022 £000	2021 £000
Amounts due to parent company		
	<hr/>	<hr/>
	2,530	2,757
	<hr/>	<hr/>

11. Provisions for liabilities and charges

Group Deferred tax liability

	2022 £000	2021 £000
Deferred tax is attributable to the following:		
Group		
On revaluation of fair value of derivatives	243	1,159
Other timing differences	13	15
Capital allowances	(1,114)	(1,197)
	<hr/>	<hr/>
	(858)	(23)
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2022

11. Provisions for liabilities and charges (continued)

	1st January 2021	Recognised in income	Recognised in equity	31st December 2021 £000
Movement in deferred tax during the year	£000	£000	£000	£000
Deferred tax on revaluation of fair value of derivatives	1,306	(44)	(103)	1,159
Other timing differences	14	1	-	15
Capital allowances	(969)	(228)	-	(1,197)
	<u>351</u>	<u>(271)</u>	<u>(103)</u>	<u>(23)</u>
	1st January 2022	Recognised in income	Recognised in equity	31st December 2022 £000
Movement in deferred tax during the year	£000	£000	£000	£000
Deferred tax on revaluation of fair value of derivatives	1,159	(414)	(502)	243
Other timing differences	15	(2)	-	13
Capital allowances	(1,197)	83	-	(1,114)
	<u>(23)</u>	<u>(333)</u>	<u>(502)</u>	<u>(858)</u>

12. Financial Instruments

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

	2022				
	Carrying amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
Interest rate swap	967	236	195	326	210
	<u>967</u>	<u>236</u>	<u>195</u>	<u>326</u>	<u>210</u>
	2021				
	Carrying amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
Interest rate swap	4,631	784	643	1,108	2,096
	<u>4,631</u>	<u>784</u>	<u>643</u>	<u>1,108</u>	<u>2,096</u>

The Group has entered into interest rate swaps under the bank loans which expire between March 2027 and December 2033. Fixed rate of 5.14% and 6.06% apply to all amounts drawn down under the facilities. The interest rate swaps convert the borrowings from the rates linked to SONIA to the fixed rates above.

V.B. INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2022

13. **Share capital**
Group and Company

	Allotted, called up and fully paid	
	2022	2021
	£000	£000
4,000 'B' Ordinary shares of £1 each – VINCI Pensions Limited	4	4
1,000 'V' Ordinary shares of £1 each- VINCI Pensions Limited	1	1
	<hr/>	<hr/>
	5	5
	<hr/>	<hr/>

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

14. **Reserves**

Company

	Share premium account	Profit and loss account
	£000	£000
At 1st January 2022	49	-
Profit for the year	-	200
Dividends paid	-	(200)
	<hr/>	<hr/>
At 31st December 2022	49	-
	<hr/>	<hr/>

15. **Related party transactions**
Group

During the year the Group paid subordinated debt interest of £287,000 (2021: £287,000), principal of £235,000 (2021: £235,000) and a dividend of £200,000 (2021: £540,000) to VINCI Pensions Limited, its parent company.

Included within creditors is subordinated debt and interest owed to VINCI Pensions Limited of £2,757,000 (2021: £2,757,000).

16. **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.