

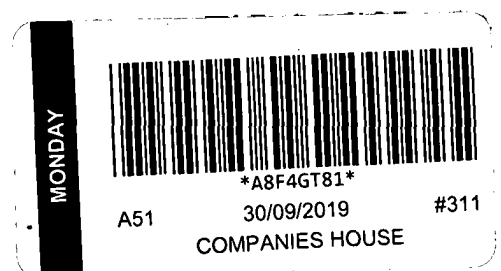
Seafox VFE 1 Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 09306591



IBDO

Seafox VFE 1 Limited

Report and financial statements for the year ended 31 December 2018

Contents

Page:

1	Strategic report
2	Directors' report
3	Directors' responsibilities statement
4	Independent auditor's report
7	Statement of comprehensive income
8	Statement of financial position
9	Statement of changes in equity
10	Notes forming part of the financial statements

Directors

I Abrahams
R Kishor
G Nicholson
S Schmidt-Chiari
D Byrne
A Lumley

Registered office

1 Mercer Street, London, WC2H 9QJ

Company number

09306591

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Seafox VFE 1 Limited

Strategic report for the year ended 31 December 2018

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2018.

Business review

The company is an intermediate holding company, providing funding to its subsidiary undertakings in the form of intercompany balances and has no trade. The company has incurred administration expenses from its parent company of £139,438 (2017 - £139,760).

The directors are satisfied with the performance of the company.

Principal risks and uncertainties

The principal risks and uncertainties relate to the performance of its subsidiary undertakings, Seafox VFE 2 Limited and Vacuum Furnace Engineering Limited.

Financial risk management

The company has an established approach to the management of financial risks. The company's activities expose it to a variety of financial risks, including liquidity, cash flow and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost-effective manner. The policies set by the Board of Directors are implemented by the company's finance department.

Liquidity/cash flow risk

We monitor cash flow on a short, medium and long-term basis ensuring that there is always sufficient liquidity to meet all upcoming financial commitments. We take a prudent view of the projected future cash flows in order to minimise downside risk.

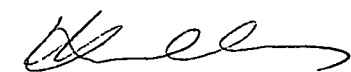
Interest rate risk

The company has fixed rate borrowings from its parent and so is not exposed to interest rate risk.

Key performance indicators

The company incurred a loss before tax of £582,347 (2017 - £514,934).

The report was approved by the board on 30/9/19 and signed on its behalf.



A Lumley
Director

Seafox VFE 1 Limited

Directors' report for the year ended 31 December 2018

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

Principal activity

During the year the company's principal activity continued to be that of an intermediary holding company to its subsidiary undertakings, Seafox VFE 2 Limited and Vacuum Furnace Engineering Limited.

Results and dividends

The loss for the year, after taxation, amounted to £582,347 (2017 - £514,934).

The directors do not propose payment of a dividend (2017 - £Nil).

Directors

The directors of the company during the year and up to the date of the approval of this report were:

I Abrahams
R Kishor
G Nicholson
S Schmidt-Chiari
D Byrne
A Walker (resigned 1 March 2019)
A Lumley (appointed 1 March 2019)

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the board on 30/9/19 and signed on its behalf by:


A Lumley
Director

Seafox VFE 1 Limited

Directors' responsibilities statement for the year ended 31 December 2018 (*continued*)

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Seafox VFE 1 Limited

Independent auditor's report

TO MEMBERS OF SEAFOX VFE 1 LIMITED

Opinion

We have audited the financial statements of Seafox VFE 1 Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Seafox VFE 1 Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 director's report.

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.

Seafox VFE 1 Limited

Independent auditor's report

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 determines 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://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.



Jonathan Gilpin (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Birmingham
United Kingdom

Date: 30 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Seafox VFE 1 Limited

Statement of financial position at 31 December 2018

<i>Company number 09306591</i>	<i>Note</i>	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	8		1		1
Current assets					
Debtors	9	3,944,234		3,333,672	
Cash at bank and in hand	10	79		79	
		<u>3,944,313</u>		<u>3,333,751</u>	
Creditors: amounts falling due within one year	11	<u>(4,960,505)</u>		<u>(1,334,945)</u>	
Net current (liabilities)/assets			<u>(1,016,192)</u>		<u>1,998,806</u>
Total assets less current liabilities			<u>(1,016,191)</u>		<u>1,998,807</u>
Creditors: amounts falling due after more than one year	12		-		(2,432,651)
Net liabilities			<u>(1,016,191)</u>		<u>(433,844)</u>
Capital and reserves					
Called up share capital	14		100		100
Share premium account	15		924,900		924,900
Profit and loss account			<u>(1,941,191)</u>		<u>(1,358,844)</u>
Shareholders' deficit			<u>(1,016,191)</u>		<u>(433,844)</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 30/9/19.


A. Lumley
Director

The notes on pages 10 to 17 form part of these financial statements.

Seafox VFE 1 Limited

Statement of changes in equity for the year ended 31 December 2018

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	100	924,900	(1,358,844)	(433,844)
Loss for the year	-	-	(582,347)	(582,347)
Total comprehensive loss for the year	-	-	(582,347)	(582,347)
At 31 December 2018	100	924,00	(1,941,191)	(1,016,191)
	Share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	100	924,900	(843,910)	81,090
Loss for the year	-	-	(514,934)	(514,934)
Total comprehensive loss for the year	-	-	(514,934)	(514,934)
At 31 December 2017	100	924,900	(1,358,844)	(433,844)

The notes on pages 10 to 17 form part of these financial statements.

Seafox VFE 1 Limited

Notes forming part of the financial statements for the year ended 31 December 2018

1 General information

Seafox VFE 1 Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 1 Mercer Street, London, WC2H 9QJ. The nature of the Company's operations and its principal activities can be found in the directors' report.

2 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The principal accounting policies, which have been consistently applied, are set out below:

Going concern

The company has reported a loss for the year of £582,347 (2017 - £514,934) and has net liabilities of £1,016,191 (2017 - £433,844).

In addition to any investment income and management fees which may be receivable from subsidiary undertakings in future periods, the funding available to the company includes loans from fellow subsidiaries of the ultimate parent undertaking. As at 31 December 2018, these loans were repayable not before 31 December 2019 although after the year end, the company has obtained a letter of support from its ultimate parent which confirms that the parent company will not demand repayment of the loans unless the company is able to afford to do so.

In order to make repayments to the parent, the company is dependent on receiving cash from its subsidiaries. After the year end, its subsidiaries have secured sufficient bank financing to satisfy banking covenants and pay their liabilities as they fall due is available until at least December 2020.

Having considered the short and medium term trading prospects of its trading subsidiary and funding requirements, and taking into consideration the undertaking received from its parent and the security of funding from its bankers, the directors are satisfied that the company will be able to continue trading and meet its liabilities as they fall due for at least twelve months following the date of approval of the financial statements, and have therefore prepared the financial statements on a going concern basis.

Seafox VFE 1 Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

2 Accounting policies (*continued*)

Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12 (a) (iv);
- the requirements of Section 7 Statement of cash flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d)
- the requirements of Section 11 Financial Instruments paragraph 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c)
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Fox Investments Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Consolidated financial statements

The financial statements contain information about Seafox VFE 1 Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group.

Related party transactions

The company is a subsidiary of Fox Investments Limited and has taken advantage of the exemption conferred by section 33.1A of FRS 102 not to disclose transactions with other wholly owned subsidiaries within the group. Transactions with other group companies are disclosed in note 18.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial instruments

Basic Financial Instruments

Financial assets

Financial assets comprise cash at bank and in hand and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment and any subsequent impairment is recognised in profit or loss.

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial and the present value of the expected future cash receipts from that asset.

Seafox VFE 1 Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

2 Accounting policies (*continued*)

Financial liabilities

Financial liabilities comprise amounts due to group undertakings, accruals and loans; there are initially recorded at cost on the date they originate and are subsequently carried at amortised cost under the effective interest rate method.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Seafox VFE 1 Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes certain estimates and assumptions regarding the future. These judgements and estimates affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements, the directors have made the following key judgements and estimates as follows:

Amounts owed by group undertakings

At each reporting date, amounts owed by group undertakings are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

4 Employees

The company has no employees other than the directors, who did not receive any remuneration (2017 - £Nil).

5 Operating loss

	2018 £	2017 £
This has been arrived at after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	5,000	5,000

Audit fees were borne by Vacuum Furnace Engineering Limited, a subsidiary undertaking.

6 Interest payable and similar charges

	2018 £	2017 £
Other loans from group undertakings	442,909	375,174

7 Taxation on loss from ordinary activities

	2018 £	2017 £
Total current tax	-	-
Deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Seafox VFE 1 Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(582,347)	(514,934)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	(110,646)	(99,107)
Effects of:		
Tax rate adjustment	-	-
Group relief surrendered	-	-
Deferred tax not recognised	110,646	99,107
Current tax charge for year	-	-

Factors that may affect future tax charges

A number of changes in the UK corporation tax system were announced in the March 2017 Budget, including that the main rate of corporation tax would reduce to 17% with effect from 1 April 2020. These tax rate reductions have been substantively enacted and therefore have been reflected in these financial statements.

8 Fixed asset investments

				Group undertakings £
Cost				
At 1 January 2018 and 31 December 2018				1
Name	Country of incorporation	Class of shares	Holding	Nature of business
Seafox VFE 2 Limited	UK	Ordinary	100%	Holding company
Indirect subsidiary undertakings				
Vacuum Furnace Engineering Limited	UK	Ordinary	100%	Specialist in supply, design, overhaul, repair and service of vacuum furnaces

The above subsidiaries are registered in England and Wales.

Seafox VFE 1 Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

9 Debtors

	2018 £	2017 £
Prepayments	100	100
Amounts owed by group undertaking	3,944,134	3,333,572
	<u>3,944,234</u>	<u>3,333,672</u>

All amounts fall due for payment within one year. The amounts owed by group undertakings are repayable on demand although repayments will only be called to the extent the counterparties can afford to make them having regard to their other commitments. The amounts owed by group undertakings are not secured and do not bear interest.

10 Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	79	79
	<u>79</u>	<u>79</u>

11 Creditors: amounts falling due within one year

	2018 £	2017 £
Accruals	5,000	5,000
Other loans	4,168,666	1,100,000
Interest accrued on other loans	786,839	229,945
	<u>4,960,505</u>	<u>1,334,945</u>

12 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other loans	-	2,150,000
Interest accrued on other loans	-	282,651
	<u>-</u>	<u>2,432,651</u>

Seafox VFE 1 Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

13 Loans

	2018 £	2017 £
Analysis of the maturity of loans is given below:		
Amounts falling due within one year		
Other loans	4,168,666	1,100,000
Interest accrued on other loans	786,839	229,945
	<u>4,955,505</u>	<u>1,329,945</u>

Other loans falling due within one year relate to loans from a related parties, Seafox Master LLP and Deepbell Limited. Interest is accruing on the loans at 12% per annum. As at 31 December 2018, the loans, together with accrued interest, have no fixed repayment date but were not due before 31 December 2019 and are therefore shown as current liabilities.

	2018 £	2017 £
Amounts falling due between 2-5 years		
Other loans	-	2,150,000
Interest accrued on other loans	-	282,651
	<u>-</u>	<u>2,432,651</u>

Other loans falling due between 2-5 years related to a loan from a related party investor, Deepbell Ltd, which was due for repayment on 1 June 2020. The loans were consolidated by the parent and new terms issued

The loans and interest are secured by way of a fixed charge over the issued share capital of Seafox VFE 2 Limited, a wholly owned subsidiary of the entity.

14 Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
ordinary shares of £0.01 each (2017 – 10,000 ordinary shares of £0.01 each)	100	100
	<u>100</u>	<u>100</u>

Seafox VFE 1 Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

15 Capital and reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account represents the premium on issue of equity shares, net of any issue costs.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid.

16 Contingent liabilities and guarantees

The company has provided a cross guarantee in respect of its fellow group companies group bank borrowings. At 31 December 2018 the liabilities covered by this guarantee totalled £2,670,117 (2017 - £2,287,498).

17 Ultimate parent company and parent undertaking of a larger group

The company's immediate parent company is Seafox VFE LLP incorporated in the United Kingdom.

Fox Investments Limited is regarded by the directors as being the company's ultimate controlling parent company with Iain Henry Abrahams being the ultimate controlling party.

Fox Investments Limited is the parent of the smallest and largest group to consolidate these financial statements. Copies of Fox Investments Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

18 Related party transactions

Interest costs of £441,303 (2017 - £229,945) were accruing during the year to Seafox Master LLP Limited, a fellow subsidiary of the ultimate parent company. At 31 December 2018, £4,872,884 (2017 - £1,329,945) was owed to Seafox Master LLP.

Also, interest costs of £1,606 (2017 - £282,651) were accruing during the year to Deepbell Limited, a fellow subsidiary of the ultimate parent company. At 31 December 2018, £82,621 (2017 - £2,432,651) was owed to Deepbell Limited.

Seafox VFE 1 Limited

Independent auditor's report

TO MEMBERS OF SEAFOX VFE 1 LIMITED

Opinion

We have audited the financial statements of Seafox VFE 1 Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Seafox VFE 1 Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 director's report.

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.