

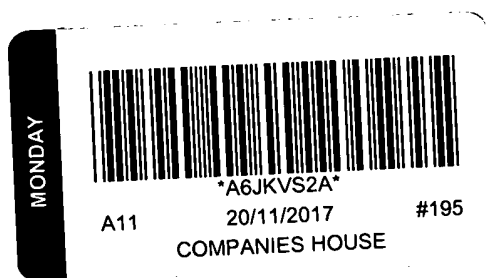
## **Seafox VFE 2 Limited**

Report and Financial Statements

Year Ended

31 December 2016

Company Number 09307990



**BDO**

# **Seafox VFE 2 Limited**

## **Report and financial statements for the year ended 31 December 2016**

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### **Contents**

#### **Page:**

1	Report of the directors
3	Independent auditor's report
5	Statement of comprehensive income
6	Statement of financial position
7	Statement of changes in equity
8	Notes forming part of the financial statements

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### **Directors**

R Kishor  
G Nicholson  
S Schmidt-Chiari

### **Registered office**

1 Mercer Street, London, WC2H 9QJ

### **Company number**

09307990

### **Auditors**

BDO LLP, Two Snowhill, Birmingham, B4 6GA

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# **Seafox VFE 2 Limited**

## **Report of the directors for the year ended 31 December 2016**

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The directors present their report together with the audited financial statements for the year ended 31 December 2016.

### **Principal activity**

During the year the Company's principal activity continued to be that of an intermediary holding company to its subsidiary Vacuum Furnace Engineering Limited.

### **Results and dividends**

The loss for the year, after taxation, amounted to £146,137 (2015 Profit - £1,765,658).

The directors do not propose a dividend (2015 - £Nil)

### **Directors**

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

R Kishor  
G Nicholson  
C White (Resigned 11 July 2017)  
S Schmidt-Chiari (Appointed 9 August 2016)  
J Rhodes (Appointed 27 October 2016, resigned 24 August 2017)

### **Directors' responsibilities**

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 2 Limited

### Report of the directors for the year ended 31 December 2016 *(continued)*

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#### 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

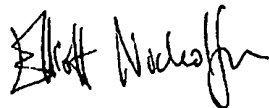
There have been no significant events affecting the Company since the period end.

#### 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.

In preparing this directors' report advantage has been taken of the small companies exemption.

This report was approved by the board on 16 November 2017 and signed on its behalf by:



G Nicholson  
Director

# **Seafox VFE 2 Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF SEAFOX VFE 2 LIMITED**

We have audited the financial statements of Seafox VFE 2 Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 Company's affairs as at 31 December 2016 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.

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

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

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

## Seafox VFE 2 Limited

### Independent auditor's report (*continued*)

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#### Matters on which we are required to report by exception

In 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 directors' report.

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, 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.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



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

Date 16 Nov 2017

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

## Seafox VFE 2 Limited

### Statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £	Restated 13 months ended 31 December 2015 £
Administrative expenses		(18,596)	(148,134)
<b>Operating loss</b>	5	<b>(18,596)</b>	<b>(148,134)</b>
Investment income	8	-	2,102,154
Interest receivable and similar income		-	19
Interest payable and similar charges	6	(127,541)	(188,381)
<b>(Loss)/profit before taxation</b>		<b>(146,137)</b>	<b>1,765,658</b>
Taxation on (loss)/profit from ordinary activities	7	-	-
<b>(Loss)/profit for the year</b>		<b>(146,137)</b>	<b>1,765,658</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/profit for the year</b>		<b>(146,137)</b>	<b>1,765,658</b>

The prior year statement of comprehensive income and the statement of changes in equity is restated as a result of a prior period error where dividend income from a subsidiary was presented as transactions with owners in the statement of changes in equity as opposed to being accounted for as investment income in the statement of comprehensive income. This does not have any impact on the statement of financial position and as such there has been no restatement of any amounts therein respect of this prior period error.

The notes on pages 8 to 15 form part of these financial statements.

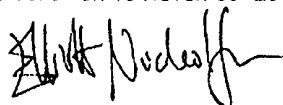
# Seafox VFE 2 Limited

## Statement of financial position at 31 December 2016

<i>Company number 09307990</i>	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Investments	9		6,603,268		6,603,268
<b>Current assets</b>					
Cash at bank and in hand	10	45		45	
		45		45	
<b>Creditors: amounts falling due within one year</b>	11	(4,243,999)		(2,981,480)	
<b>Net current liabilities</b>			(4,243,954)		(2,981,435)
<b>Total assets less current liabilities</b>			2,359,314		3,621,833
<b>Creditors: amounts falling due after more than one year</b>	12		(739,792)		(1,856,174)
<b>Net assets</b>			1,619,522		1,765,659
<b>Capital and reserves</b>					
Called up share capital	14		1		1
Profit and loss account	15		1,619,521		1,765,658
<b>Shareholders' funds</b>			1,619,522		1,765,659

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 16 November 2017.



G Nicholson  
Director

The notes on pages 8 to 15 form part of these financial statements.



## Seafox VFE 2 Limited

### Statement of changes in equity for the year ended 31 December 2016

	Share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2016</b>	<b>1</b>	<b>1,765,658</b>	<b>1,765,659</b>
Loss for the year	-	(146,137)	(146,137)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(146,137)</b>	<b>(146,137)</b>
<b>At 31 December 2016</b>	<b>1</b>	<b>1,619,521</b>	<b>1,619,522</b>

	Share capital £	Profit and loss account £	Total Equity £
Profit for the period – restated	-	1,765,658	1,765,658
<b>Total comprehensive income for the period - restated</b>	<b>-</b>	<b>1,765,658</b>	<b>1,765,658</b>
Shares issued during the period	1	-	1
<b>Total transactions with owners</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>At 31 December 2015</b>	<b>1</b>	<b>1,765,658</b>	<b>1,765,659</b>

The notes on pages 8 to 15 form part of these financial statements.

# Seafox VFE 2 Limited

## Notes forming part of the financial statements for the year ended 31 December 2016

### 1 General information

Seafox VFE 2 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

#### *Going concern*

The Company has reported a loss for the year of £146,137 (2015 – profit of £1,765,658), has net current liabilities of £4,243,954 (2015: £2,981,435) and is dependent upon the continued support of other group companies to provide funding. The directors have received written confirmation from the directors of other group companies that amounts due to them amounting to £3,912,853 (2015 £2,649,506) will not be called for repayment within 12 months of the date of approval of these financial statements if such repayment would prejudice the ability of the Company to meet its other external obligations as they fall due (note 11). In addition, the directors of the immediate parent company, Seafox VFE 1 Limited, have also confirmed that any additional funding required by the Company will be made available as required.

The directors have considered the trading and cash flows for both the Company and the Group and, taking into account the postponement of debts and support referred to above and in light of the expected continued compliance with the Company's banking covenants, they have concluded that the Company is able to settle its debts as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. On this basis the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

#### *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 2016 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

## Seafox VFE 2 Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Consolidated financial statements*

The financial statements contain information about Seafox VFE 2 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 FRS102 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*

##### *Financial assets*

Financial assets comprise cash at bank; 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.

##### *Financial liabilities*

Financial liabilities comprise amounts owed to group undertakings, loans and accruals; 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.

## Seafox VFE 2 Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

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### 2 Accounting policies (*continued*)

#### *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.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### *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 in the countries where the Company operates and generates income.

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.

### 3 Judgments 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:

## Seafox VFE 2 Limited

### Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

#### *Valuation of investments*

At each reporting date, the carrying value of investments are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the investment 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 (2015 - £Nil).

#### **5 Operating loss**

	2016 £	13 months ended 2015 £
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	-
	<u>          </u>	<u>          </u>

Audit fees in 2015 were borne by Vacuum Furnace Engineering Limited, a subsidiary undertaking

#### **6 Interest payable and similar charges**

	2016 £	13 months ended 2015 £
Bank loans (including amortisation of issue costs)	127,541	188,381
	<u>          </u>	<u>          </u>

#### **7 Taxation on (loss)/profit from ordinary activities**

	2016 £	13 months ended 2015 £
Current tax	-	-
Deferred tax	-	-
	<u>          </u>	<u>          </u>
Taxation on (loss)/profit on ordinary activities	-	-
	<u>          </u>	<u>          </u>

## Seafox VFE 2 Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 *(continued)*

### 7 Taxation on loss from ordinary activities *(continued)*

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20% (2015 - 20.29%). The differences are explained below:

	2016 £	13 months ended 2015 £
(Loss)/profit on ordinary activities before tax	(146,137)	1,765,658
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20.29%)	(29,227)	358,252
Effects of:		
Expenses not deductible for tax purposes	-	4,579
Deferred tax not recognised	-	3,454
Group relief surrendered	29,227	71,037
Non-taxable income	-	(426,527)
Transfer pricing adjustments	-	(10,795)
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 2016 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 the financial statements.

### 8 Dividends

	2016 £	13 months ended 2015 £
Dividends received	-	2,102,154

## Seafox VFE 2 Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 *(continued)*

### 9 Fixed asset investments

	Group undertakings £
<b>Cost</b>	
At 1 January 2016	6,603,268
Additions	-
	<hr/>
At 31 December 2016	<b>6,603,268</b>
	<hr/>

The undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Country of incorporation	Class of shares	Holding	Nature of business
Vacuum Furnace Engineering Limited	UK	Ordinary	100%	Specialist in supply, design, overhaul, repair and service vacuum furnaces

The directors have reviewed the carrying value of the Company's interest in Vacuum Furnace Engineering Limited and, having regard to the underlying net assets and expected future trading prospects, they are satisfied that no impairment is required.

### 10 Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<b>45</b>	45
	<hr/>	<hr/>

### 11 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans (secured)	<b>326,146</b>	326,145
Amounts owed to group undertakings	<b>3,912,853</b>	2,649,506
Accruals and deferred income	<b>5,000</b>	5,829
	<hr/>	<hr/>
	<b>4,243,999</b>	2,981,480
	<hr/>	<hr/>

Amounts due to group companies are unsecured, interest free and repayable on demand. However, in light of the net current liabilities at 31 December 2016 of £4,243,954, the directors have obtained written confirmation from the counterparties that these amounts will not be called for repayment unless the Company can meet this obligation without any detriment to its ability to settle its external obligations as they fall due.

## Seafox VFE 2 Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (continued)

### 12 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Bank loans	<u>739,792</u>	<u>1,856,174</u>
<b>Secured loans</b>		

The bank loans are secured over the assets of the entity and its parent and subsidiary undertaking.

### 13 Loans

	2016 £	2015 £
Analysis of the maturity of loans is given below:		
<b>Amounts falling due within one year</b>		
Bank loans	326,146	326,145
<b>Amounts falling due 1-2 years</b>		
Bank loans	326,146	326,146
<b>Amounts falling due 2-5 years</b>		
Bank loans	<u>413,646</u>	<u>1,530,028</u>

Bank loans are stated net of arrangement fees of £71,562 (2015: £95,529).

Bank loans comprise a variable rate senior term loan facility of £1,137,500.

The senior term loan is repayable in quarterly payments of £87,500 with a final payment of £175,000 on 31 December 2019. Interest is charged at a fixed rate of 4.75% per annum and is payable to the lender on a quarterly basis.

The bank loans are secured over the assets of the entity and its parent and subsidiary undertaking.

### 14 Share capital

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>



## **Seafox VFE 2 Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)**

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### **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.

#### **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 to its fellow group companies for group bank borrowings. At 31 December 2016 the total liabilities covered by this guarantee totalled £2,637,500 (2015 - £2,237,500) of which £1,137,500 (2015 - £2,237,500) are included in these financial statements.

### **17 Ultimate parent company and parent undertaking of a larger group**

The Company's immediate parent company is Seafox VFE1 Limited, which is 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**

There were no transactions with other group companies during the year or outstanding balances as at 31 December 2016.