

Premier Custodial Finance Limited
Unaudited Annual Report and Financial Statements
31 December 2020



Premier Custodial Finance Limited
Annual Report and Financial Statements
Year ended 31 December 2020

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Premier Custodial Finance Limited

Officers and Professional Advisers

The board of directors

John Cavill
Peter Sheldrake

Company secretary

Infrastructure Managers Limited

Registered office

Cannon Place
78 Cannon Street
London
EC4N 6AF

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Premier Custodial Finance Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the unaudited Annual Report and Financial Statements of Premier Custodial Finance Limited ("the Company") for the year ended 31 December 2020.

Principal Activities

The Company's principal activity is as an investment holding company.

Performance Review

The loss for the financial year, after taxation, amounted to £(341,318) (2019: £(450,034)).

The loss for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

Covid-19 was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. The Directors have considered the current and future financial impact to the Company of Covid-19, taking into account the sources of income and expenditure. Throughout the pandemic the underlying investment has continued to perform in line with modelled expectations. It is the Directors' view that this performance is expected to continue. Although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

Key Performance Indicators

In its role as a holding company there are no key performance indicators for the directors to monitor. However, from a group point of view the cash resources are assessed every six months.

Going Concern

Cash flow forecasts are prepared for the underlying investment looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investment. After reviewing the performance of the investment, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

John Cavill
Peter Sheldrake
Graham Baldock

(Resigned 31 March 2020)

Premier Custodial Finance Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Dividends

The directors do not recommend payment of a dividend.

Qualifying Third Party Indemnity Provisions

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the board of directors on 27 September 2021 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

Premier Custodial Finance Limited

Statement of Comprehensive Income

Year ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses		<u>(10,285)</u>	<u>(257,940)</u>
Operating loss		<u>(10,285)</u>	<u>(257,940)</u>
Interest receivable and similar income	5	11,956	50,135
Interest payable and similar expenses	6	<u>(336,355)</u>	<u>(349,613)</u>
Loss before taxation		<u>(334,684)</u>	<u>(557,418)</u>
Tax on loss	7	<u>(6,634)</u>	<u>107,384</u>
Loss for the financial year and total comprehensive expense		<u>(341,318)</u>	<u>(450,034)</u>

All the activities of the Company are from continuing operations.

The notes on pages 7 to 13 form part of these Financial Statements.

Premier Custodial Finance Limited

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	8	1	1
Current assets			
Debtors: amounts falling due within one year	9	2,546,203	263,630
Debtors: amounts falling due after more than one year	9	56,017	62,651
Cash at bank and in hand		4,132,412	7,178,776
		<u>6,734,632</u>	<u>7,505,057</u>
Creditors: amounts falling due within one year	10	(4,145,015)	(4,574,122)
Net current assets		<u>2,589,617</u>	<u>2,930,935</u>
Total assets less current liabilities		<u>2,589,618</u>	<u>2,930,936</u>
Net assets		<u>2,589,618</u>	<u>2,930,936</u>
Capital and reserves			
Called up share capital	12	3,000,002	3,000,002
Retained earnings	13	(410,384)	(69,066)
Total shareholders' funds		<u>2,589,618</u>	<u>2,930,936</u>

For the year ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its Annual Report and Financial Statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the Annual Report and Financial Statements.

The Financial Statements were approved by the board of directors and authorised for issue on 27 September 2021, and are signed on behalf of the board by:



Peter Sheldrake
Director

Company registration number: 03849244

The notes on pages 7 to 13 form part of these Financial Statements.

Premier Custodial Finance Limited

Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £	Retained earnings £	Total £
At 1 January 2019	3,000,002	380,968	3,380,970
Loss for the financial year		(450,034)	(450,034)
Total comprehensive expense for the year	—	(450,034)	(450,034)
At 31 December 2019	3,000,002	(69,066)	2,930,936
Loss for the financial year		(341,318)	(341,318)
Total comprehensive expense for the year	—	(341,318)	(341,318)
At 31 December 2020	<u>3,000,002</u>	<u>(410,384)</u>	<u>2,589,618</u>

The notes on pages 7 to 13 form part of these Financial Statements.

Premier Custodial Finance Limited

Notes to the Annual Report and Financial Statements

Year ended 31 December 2020

1. General Information

Premier Custodial Finance Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The Company's principal activity is as an investment holding company.

The Company's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Premier Custodial Finance Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Going concern

Cash flow forecasts are prepared for the underlying investment looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investment. After reviewing the performance of the investment, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Premier Custodial Finance Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of BIIF Holdco Limited which can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF. As such, advantage has been taken of the following disclosure exemptions available under FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) The disclosures required by Sections 11 and 12 of FRS 102 (Basic Financial Instruments and Other Financial Instruments Issues respectively) in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company is wholly owned by BIIF Holdco Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

(d) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

Premier Custodial Finance Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting Policies *(continued)*

(e) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts.

(g) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Premier Custodial Finance Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting Policies *(continued)*

(h) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

4. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2019: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2019: £nil).

5. Interest Receivable and Similar Income

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>11,956</u>	<u>50,135</u>

6. Interest Payable and Similar Expenses

	2020	2019
	£	£
Interest due to Group undertakings	<u>336,355</u>	<u>349,613</u>

7. Tax on Loss

Major components of tax expense/(income)

	2020	2019
	£	£
Current tax:		
UK current tax income	—	(119,914)
Deferred tax:		
Origination and reversal of timing differences	<u>6,634</u>	<u>12,530</u>
Tax on loss	<u>6,634</u>	<u>(107,384)</u>

Premier Custodial Finance Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

7. Tax on Loss *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the loss for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Loss before taxation	(334,684)	(557,418)
Loss before taxation by rate of tax	(63,590)	(105,910)
Tax rate changes	(7,370)	(1,474)
Group relief not paid for	77,594	–
Total tax charge/(credit)	6,634	(107,384)

Factors that may affect future tax expense

A change to the future UK corporation tax rate was announced in the March 2021 Budget. The rate will increase from 19% to 25% with effect from 1 April 2023. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. The effect of this change, if it applied to the deferred tax balance at 31 December 2020, would be to increase the deferred tax asset by £17,690.

8. Investments

	Shares in group undertakings £
Cost	
At 1 January 2020 and 31 December 2020	1
Impairment	
At 1 January 2020 and 31 December 2020	–
Carrying amount	
At 31 December 2020	1
At 31 December 2019	1

The Company owns 100% of the issued A share capital of Premier Custodial Investments Limited.

	2020 £	2019 £
Aggregate capital and reserves	2,287,349	1,082,873
Profit for the year	3,285,017	4,695,954

The carrying value of the investment is supported by the net assets of the subsidiary.

Premier Custodial Finance Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

9. Debtors

Debtors amounts falling due within one year are as follows:

	2020	2019
	£	£
Trade debtors	–	16
Amounts owed by Group undertakings	2,081,765	–
Prepayments and accrued income	218,950	30,000
Group relief receivable	226,335	226,335
Other debtors	19,153	7,279
	<u>2,546,203</u>	<u>263,630</u>

Debtors amounts falling due after more than one year are as follows:

	2020	2019
	£	£
Deferred tax asset	<u>56,017</u>	<u>62,651</u>

The amounts owed by Group undertakings are trading balances, are not interest bearing and are repayable on demand.

10. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to Group undertakings	4,145,015	4,554,662
Accruals and deferred income	–	19,460
	<u>4,145,015</u>	<u>4,574,122</u>

Amounts owed to Group undertakings consists of a loan totalling £3,702,232 (2019: £3,941,691) which bears interest at 8.4%, a group balance of £nil (2019: £380,000) which also bears interest at 8.4%, and accrued interest of £442,783 (2019: £232,971). All amounts are unsecured and repayable on demand.

11. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	2020	2019
	£	£
Included in debtors (note 9)	<u>56,017</u>	<u>62,651</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Short term timing differences	<u>(56,017)</u>	<u>(62,651)</u>

Premier Custodial Finance Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

11. Deferred Tax *(continued)*

The net deferred tax liability expected to reverse in 2021 is £14,004 (2020: £14,004). This primarily relates to the reversal of short term timing differences.

	2020 £
Opening balance	(62,651)
Movement through the profit or loss	6,634
Closing balance	<u>(56,017)</u>

12. Called Up Share Capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	3,000,001	3,000,001	3,000,001	3,000,001
'B' ordinary shares of £1 each	1	1	1	1
	<u>3,000,002</u>	<u>3,000,002</u>	<u>3,000,002</u>	<u>3,000,002</u>

On 17th December 1999, the Company issued 3,000,001 ordinary 'A' shares in exchange for forgiveness of debt and one 'B' share for cash which remains unpaid. The 'B' share allows the holder to appoint a nominee to deal solely with issues relating to the financing of Kilmarnock Prison Services Limited. The nominee is Bank of Scotland Branch Nominees Limited.

13. Reserves

Retained earnings records retained earnings and accumulated losses.

14. Controlling Party

The immediate parent undertaking is Matrix Premier Holdings Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control.