

PIF Vulcans Lane Limited
Annual Report and Financial Statements
31 December 2018

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PIF Vulcans Lane Limited

Annual Report and Financial Statements

Year Ended 31 December 2018

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PIF Vulcans Lane Limited

Officers and Professional Advisers

The board of directors	John Cavill David Gilmour
Company secretary	Infrastructure Managers Limited
Registered office	Cannon Place 78 Cannon Street London EC4N 6AF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
Solicitors	Fenwick Elliott LLP Aldwych House 71-91 Aldwych London WC2B 4HN

PIF Vulcans Lane Limited

Directors' Report

Year Ended 31 December 2018

The directors present their report and the audited Annual Report and Financial Statements of PIF Vulcans Lane Limited ("the Company") for the year ended 31 December 2018.

Principal Activities

The Company's principal activity is the holding of an investment in VLE Holdings Limited.

Performance Review

The loss for the financial year, after taxation, amounted to £110,674 (2017: £1,949,170).

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.

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 performance of the investment is assessed every six months by testing the cash resources against the bank lending covenants. The key indicator being the debt service cover ratio.

Going Concern

The Company's subsidiary, Vulcans Lane Estates Limited, is currently in dispute with its sole customer, Cumbria Partnership NHS Foundation Trust, and as a result is in breach of its loan covenants. Due to this, the Company has not received any cash inflows during the year. A commercial settlement is expected to be agreed shortly, following which it is expected cashflows will resume. As such the directors do not consider there to be an impact on going concern. The future projections and forecasts continue to show that the Company will be able to meet its ongoing obligations therefore directors still believe the going concern basis of preparation is appropriate.

Directors

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

John Cavill
David Gilmour

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Third Party Indemnity Provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

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.

PIF Vulcans Lane Limited

Directors' Report *(continued)*

Year Ended 31 December 2018


Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 25/10/19 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

PIF Vulcans Lane Limited

Directors' Responsibilities Statement

Year Ended 31 December 2018

The directors are responsible for preparing the Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Annual Report and 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and 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 Annual Report and 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.

PIF Vulcans Lane Limited

Independent Auditors' Report to the Members of PIF Vulcans Lane Limited

Year Ended 31 December 2018

Report on the Audit of the Financial Statements

Opinion

In our opinion, PIF Vulcans Lane Limited's 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions Relating to Going Concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, suppliers and the wider economy.

PIF Vulcans Lane Limited

Independent Auditors' Report to the Members of PIF Vulcans Lane Limited *(continued)*

Year Ended 31 December 2018

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

PIF Vulcans Lane Limited

Independent Auditors' Report to the Members of PIF Vulcans Lane Limited (continued)

Year Ended 31 December 2018

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of This Report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other Required Reporting

Companies Act 2006 Exception Reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to Exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

25/10/19

PIF Vulcans Lane Limited

Statement of Comprehensive Income

Year Ended 31 December 2018

	Note	2018 £	2017 £
Other interest receivable and similar income	6	22,182	22,182
Amounts written back to investments	7	–	(1,838,832)
Interest payable and similar expenses	8	<u>(158,817)</u>	<u>(158,817)</u>
Loss before taxation		(136,635)	(1,975,467)
Taxation on loss on ordinary activities	9	<u>25,961</u>	<u>26,297</u>
Loss for the financial year and total comprehensive expense		<u>(110,674)</u>	<u>(1,949,170)</u>

All the activities of the Company are from continuing operations.

The notes on pages 11 to 16 form part of the Annual Report and Financial Statements.

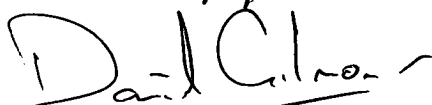
PIF Vulcans Lane Limited

Statement of Financial Position

As at 31 December 2018

	Note	2018 £	2017 £
Current assets			
Debtors: amounts falling due within one year	11	393,137	344,992
Creditors: amounts falling due within one year	12	(557)	(556)
Net current assets		<u>392,580</u>	<u>344,436</u>
Total assets less current liabilities		392,580	344,436
Creditors: amounts falling due after more than one year	13	(2,557,372)	(2,398,555)
Net liabilities		<u>(2,164,792)</u>	<u>(2,054,119)</u>
Capital and reserves			
Called up share capital	14	2	2
Retained earnings	15	(2,164,794)	(2,054,121)
Members deficit		<u>(2,164,792)</u>	<u>(2,054,119)</u>

The Annual Report and Financial Statements were approved by the board of directors and authorised for issue on 25/10/19, and are signed on behalf of the board by:



David Gilmour
Director

Company registration number: 05780656

The notes on pages 11 to 16 form part of the Annual Report and Financial Statements.

PIF Vulcans Lane Limited
Statement of Changes in Equity
Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total £
At 1 January 2017	2	(104,951)	(104,949)
Loss for the financial year		(1,949,170)	(1,949,170)
Total comprehensive expense for the year	–	(1,949,170)	(1,949,170)
At 31 December 2017	2	(2,054,120)	(2,054,118)
Loss for the financial year		(110,674)	(110,674)
Total comprehensive expense for the year	–	(110,674)	(110,674)
At 31 December 2018	2	(2,164,794)	(2,164,792)

The notes on pages 11 to 16 form part of the Annual Report and Financial Statements.

PIF Vulcans Lane Limited

Notes to the Annual Report and Financial Statements

Year Ended 31 December 2018

1. General Information

PIF Vulcans Lane Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The Company's principal activity is the holding of an investment in VLE Holdings Limited.

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

2. Statement of Compliance

The individual financial statements of PIF Vulcans Lane 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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement 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

The Company's subsidiary, Vulcans Lane Estates Limited, is currently in dispute with its sole customer, Cumbria Partnership NHS Foundation Trust, and as a result is in breach of its loan covenants. Due to this, the Company has not received any cash inflows during the year. A commercial settlement is expected to be agreed shortly, following which it is expected cashflows will resume. As such the directors do not consider there to be an impact on going concern. The future projections and forecasts continue to show that the Company will be able to meet its ongoing obligations therefore directors still believe the going concern basis of preparation is appropriate.

PIF Vulcans Lane Limited

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

Year Ended 31 December 2018

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 paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) Disclosures in respect of financial instruments have not been presented.

The Company is wholly owned by BIIF Holdco Limited and has taken advantage of the exemption in section 33 of FRS102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

(d) Consolidation

The Company is a wholly-owned subsidiary of BIIF Holdco Limited, a company incorporated in the EEA. In accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

(e) 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 compares 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.

PIF Vulcans Lane Limited

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

Year Ended 31 December 2018

3. Accounting Policies *(continued)*

(f) 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.

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. Management periodically evaluates 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.

(g) Investments

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

(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. Auditors' Remuneration

The audit fee of £2,010 (2017: £1,951) was borne by the subsidiary company Vulcans Lane Estates Limited.

5. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2017: nil). The directors did not receive any remuneration from the Company during the year (2017: £nil).

6. Other Interest Receivable and Similar Income

	2018 £	2017 £
Interest from Group undertakings	<u>22,182</u>	<u>22,182</u>

PIF Vulcans Lane Limited

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

Year Ended 31 December 2018

7. Amounts Written Back to Investments

The directors consider that the investment and associated loan in the Company's subsidiary should be impaired to reflect the true value and recoverable amount.

8. Interest Payable and Similar Expenses

	2018 £	2017 £
Interest due to Group undertakings	<u>158,817</u>	<u>158,817</u>

9. Taxation on Loss on Ordinary Activities

Major components of tax income

	2018 £	2017 £
Current tax:		
UK current tax income	<u>(25,961)</u>	<u>(26,297)</u>
Taxation on loss on ordinary activities	<u>(25,961)</u>	<u>(26,297)</u>

Reconciliation of tax income

The tax assessed on the loss for the year is the same as (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
Loss before taxation	<u>(136,635)</u>	<u>(1,975,467)</u>
Loss by rate of tax	<u>(25,961)</u>	<u>380,277</u>
Effect of expenses not deductible for tax purposes	<u>–</u>	<u>(406,574)</u>
Total tax credit	<u>(25,961)</u>	<u>(26,297)</u>

10. Investments

Subsidiaries, associates and other investments

PIF Vulcans Lane Limited

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

Year Ended 31 December 2018

10. Investments *(continued)*

The Company owns 100% of the issued share capital of VLE Holdings Limited which is registered at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

	2018	2017
	£	£
Aggregate capital and reserves	80,000	80,000
Profit/(Loss) for the year	–	–

The directors acknowledge the net assets of the investment are lower than the value of shares purchased, however, the Company indirectly owns 100% of the share capital of Vulcans Lane Estates Limited which has sufficient reserves to support the investment.

Loans to Group undertakings are subordinated debt provided to Vulcans Lane Estates Limited, which bears interest at 3.5% and is unsecured. The final repayment date is 2026.

11. Debtors

Debtors amounts falling due within one year are as follows:

	2018	2017
	£	£
Amounts owed by Group undertakings	356,066	307,921
Amounts due by parent company	37,071	37,071
	<u>393,137</u>	<u>344,992</u>

The amounts owed by parent company relate to trading balances, are not interest bearing and are repayable on demand. The amounts owed by Group undertakings include £306,170 (2017: £280,209 relating to group relief receivable and £49,895 (2017: £27,713) relating to sub debt interest receivable. They are not interest bearing and are repayable on demand.

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed to Group undertakings	1	–
Amounts owed to group undertakings	556	556
	<u>557</u>	<u>556</u>

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

13. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Amounts owed to Group undertakings	<u>2,557,372</u>	<u>2,398,555</u>

PIF Vulcans Lane Limited

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

Year Ended 31 December 2018

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

Subordinated debt provided by PFI Infrastructure Finance Limited bears interest at 7.5%, is unsecured and is repayable in 2030.

14. Called Up Share Capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

15. Reserves

Retained earnings records retained earnings and accumulated losses.

16. Related Party Transactions

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.

17. Controlling Party

The immediate parent undertaking is PFI Infrastructure Finance 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.