Company number: 8484743

VPI Holding Limited

Report and Financial Statements

31 December 2013

Secretary
E J Essex

Registered number
8484743

Auditors
Ernst & Young LLP
Statutory auditor
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Registered Office
Belgrave House
76 Buckingham Palace Road
London
SW1W 9TQ

Registered No: 8484743

Strategic report
For the period ended 31 December 2013

The directors present their strategic report for the period ended 31 December 2013.

Business review

The company was incorporated on 11 April 2013.

The principal activities of the group comprise the ownership and operation of a combined heat and power plant ("CHP") at Immingham, North Lincolnshire ("VPI Immingham CHP Plant"), which generates and supplies steam to the adjacent Humber and Lindsey Oil Refineries and electricity to the Humber Oil Refinery and the National Grid. Note 12 details acquisitions in the period.

It is the intention that the principal activities of the group will continue for the foreseeable future.

The loss for the period was £40.9 million which was transferred from distributable reserves. The group's balance sheet, on page 10 of the financial statements, shows the group has net assets of £200.7 million.

The movements on the company's reserves comprise the loss for the period.

The company has many performance indicators in place measuring Health, Safety and Environment to ensure that it continues to build on a legacy of strong commitment and performance. Safety of personnel, coupled with a responsible pro-active approach to managing the environment is core to the company's business. The ultimate financial impact arising from environmental policies, laws and regulations is difficult to determine as current and new standards continue to evolve.

Under s417 of the Companies Act 2006, the directors are required to disclose the company's financial and non-financial Key Performance Indicators.

Key performance indicators

The key financial and other performance indicators during the period were as follows:

	Period ended 31/12/13
	£'000
Turnover	145,910
Gross profit	37,104
Net cash outflow from operating activities	(1,834)
Gross profit as a % of fixed assets	5%

While the business incurred a loss in the period the underlying cash flow performance is strong and the business intends to make prudent investment in the asset.

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Strategic report (continued)
For the period ended 31 December 2013

Principal risks and uncertainties

The principal risks and uncertainties facing the company are those that impact the continuing business and profitability of the VPI Immingham CHP Plant, which it indirectly owns. This plant operates in the UK energy market, and as such, is exposed to fluctuations in wholesale energy prices. The directors are of the opinion that the CHP plant's operating flexibility, its contract and trading structure enable it to trade positively under most market conditions. The directors consider that the company's exposure to market fluctuations is an acceptable risk.

Foreign currency risk

The company may be exposed to foreign currency exchange rate risk resulting from entering into certain transactions denominated in currencies other than GBP Sterling.

Interest rate risk

VPI Holding Limited may be exposed to interest rate risk resulting from the company's loan and banking arrangements. The interest charged on the VPI Holding Limited loans is linked to LIBOR and therefore is exposed to the movements in the UK rates.

Energy risk

VPI Holding Limited operates in the UK power market and as such is exposed to movements in market prices and spreads together with energy market liquidity risk.

On behalf of the board

Russell Hardy

R D Hardy

Director

23/1/15

Registered No: 8484743

Directors' report
For the period ended 31 December 2013

The directors present their report and financial statements from the date of incorporation on 11 April 2013 to 31 December 2013. The accounting reference date has been changed from 30 April 2014 to 31 December 2013 to align with the subsidiary entities.

Results and dividends

The group loss for the period after taxation amounted to £40,864,000. The directors do not recommend a final dividend.

Directors

The directors who served the company during the period were as follows:

J Marsh	(resigned 21 August 2013)
M Bujnowska	(resigned 21 August 2013)
R D Hardy	(appointed 21 August 2013)
J Ahmed	(appointed 21 August 2013)
M A V Pinho	(appointed 10 September 2013)

Financial Instruments

Details of financial instruments are provided in the Strategic Report on page 3.

Going concern

There are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of VPI Holding Limited to continue as a going concern.

Although reporting a loss for the period, and having net current liabilities, after reviewing forward forecasts and facilities, the directors are confident that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Events since the Balance Sheet date

Subsequent to the period ended 31 December 2013 there has been a repayment of previous loan notes and a new issue of loan notes (see note 28).

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Registered No: 8484743

Directors' report (continued)
For the period ended 31 December 2013

Auditors

On 5 November 2013 Ernst & Young LLP were appointed as auditors of the group after its incorporation on 11 April 2013. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

R D Hardy

Director

23|1|15

Statement of directors' responsibilities
For the period ended 31 December 2013

The directors are responsible for preparing the Strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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

Independent auditors' report

to the members of VPI Holding Limited

We have audited the financial statements of VPI Holding Limited for the period ended 31 December 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 28. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 December 2013 and of the group's loss for the period 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of VPI Holding Limited

Matters on which we are required to report by exception

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 by the parent undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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.

Ernst & Young LLP

Alistair Denton (Senior Statutory Auditor)
For and on behalf of
Ernst & Young LLP
Statutory Auditor
Leeds
29/1/15

Group profit and loss account
for the period ended 31 December 2013

	Notes	2013 £000
Group turnover	2	145,910
Cost of sales		(108,806)
Gross profit		37,104
Administrative expenses		(63,631)
Group operating loss	3	(26,527)
Interest receivable and similar income	8	26
Interest payable and similar charges	7	(11,952)
Loss on ordinary activities before taxation		(38,453)
Tax	9	(2,411)
Loss for the financial period	21	(40,864)

All amounts relate to acquired operations.

Group statement of total recognised gains and losses
for the period ended 31 December 2013

		2013 £000
Loss for the financial period	21	(40,864)
Total recognised gains and losses		(40,864)

Group balance sheet
at 31 December 2013

	Notes	2013 £000
Fixed assets		
Intangible assets	10	289,855
Tangible assets	11	443,699
		733,554
Current assets		
Stocks	14	3,188
Debtors	15	63,925
Cash at bank and in hand		12,577
		79,690
Creditors: amounts falling due within one year	16	(83,820)
Net current liabilities		(4,130)
Total assets less current liabilities		729,424
Creditors: amounts falling due after more than one year	17	(465,916)
Provisions for liabilities		
Deferred taxation	18	(43,861)
Provisions	19	(18,958)
Net assets		200,689
Capital and reserves		
Called up share capital	20	–
Share premium	21	241,553
Profit and loss account	21	(40,864)
Shareholders' funds	21	200,689

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23rd January 2015

R D Hardy
Director

Company balance sheet
at 31 December 2013

	Notes	2013 £000
Fixed assets		
Investments	13	408,110
		408,110
Current assets		
Debtors	15	326,627
Cash at bank and in hand		2,523
		329,150
Creditors: amounts falling due within one year	16	(42,936)
Net current assets		286,214
Total assets less current liabilities		694,324
Creditors: amounts falling due after more than one year	17	(465,916)
Net assets		228,408
Capital and reserves		
Called up share capital	20	–
Share premium	21	241,553
Profit and loss account	21	(13,145)
Shareholders' funds	21	228,408

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23rd January 2015

Richard Hardy

R D Hardy
Director

Group statement of cash flows
for the period ended 31 December 2013

	Notes	2013 £000
Net cash outflow from operating activities	22(a)	(1,834)
Returns on investments and servicing of finance		
Interest received		26
Interest paid		(9)
		(1,817)
Taxation		–
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(387)
Acquisitions and disposals		
Purchase of subsidiary undertakings		(732,259)
Net cash acquired with subsidiary undertakings		11,971
		(720,288)
Net cash outflow before financing		(722,492)
Financing		
New short term shareholder loans	22(b)	20,000
New long term shareholder loans	22(b)	465,916
Issue of ordinary share capital		241,553
Costs of acquisition		7,600
		735,069
Increase in cash in the period		12,577

Reconciliation of net cash flow to movement in net debt

	Notes	2013 £000
Increase in cash		12,577
Cash inflow from increase in debt and lease financing		(485,916)
Change in net debt resulting from cash flows		(473,339)
Net debt at 31 December	22(b)	(473,339)

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

There are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of VPI Holding Limited to continue as a going concern.

Although reporting a loss for the period, and having net current liabilities, after reviewing forward forecasts and facilities, the directors are confident that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of VPI Holding Limited and all of its subsidiary undertakings ('subsidiaries') drawn up to 31 December 2013.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal.

The results of subsidiaries acquired during the period are included from the effective date of acquisition.

Tangible fixed assets and depreciation

All capitalised costs are considered to be tangible costs for the purpose of these financial statements. Costs of completed construction projects, together with costs of purchased equipment, are depreciated using the straight-line method to write off their cost less estimated residual value over their estimated useful lives as follows:

Plant, associated buildings & fittings -	25 to 30 years
Computer equipment & software -	3 to 5 years

Impairment of fixed assets

Fixed assets used in operations are assessed for impairment whenever changes in facts and circumstances indicate a possible significant deterioration in the future cash flows expected to be generated. Where the sum of the discounted pre-tax cash flows is less than the carrying value of the asset, the carrying value is written down to estimated fair value. Assets are grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other assets.

The fair value of impaired assets is determined based on the present values of expected future cash flows using discount rates. The discount rates used equate to the rate of return that the market would generally expect from equally risky investments.

The expected future cash flows used for impairment reviews are based on estimated future production volumes, prices and costs, considering all available evidence at the date of review.

Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

Investments are assessed for impairment whenever changes in the facts and circumstances indicate a loss in value has occurred which is other than a temporary decline in value.

Stocks

Stocks, including warehouse stocks, are valued at the lower of cost and net realisable value.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Decommissioning

Provision for the future cost of decommissioning of industrial plant is recognised in full in the period in which the legal obligation is incurred. When the liability is initially recorded, this cost is capitalised by increasing the carrying value of the related tangible fixed assets.

The amount recognised is the present value of the estimated future expenditure determined in accordance with statutory conditions and requirements. The provision increases as the discount factors applied in calculating the present value of estimated future expenditure unwind. The unwinding of the discount is included within interest payable in the profit and loss account. The capitalised cost is depreciated as part of the overall capital costs of the related assets.

Intangible assets

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided in order to write off each asset over its estimated economic life as follows:

Intangible Assets - 5 to 10 years

Revenue recognition

Revenues associated with sales of power, steam and water are recognised when title passes to the customer, which is when the risk of ownership passes to the purchaser, immediately upon delivery.

Taxation

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the period.

Related party transactions

In accordance with FRS 8 (3) 'Related party disclosures' the group has taken advantage of the exemption not to disclose related party transactions with other wholly-owned members of the group.

2. Turnover

Turnover represents the sales value, net of value added tax, of the group's production of power purchased for resale, and of its production of steam and water.

Notes to the financial statements

at 31 December 2013

3. Operating loss

This is stated after charging:

			2013
			£
Amortisation	–	intangible fixed assets	19,342
Depreciation of tangible fixed assets	–	owned by the company	9,338
Difference on foreign exchange			98
Operating lease rentals	–	land and buildings	242

4. Auditors remuneration

	2013
	£000
Audit of the financial statements	22
Taxation services	14
	36

5. Directors' remuneration

	2013
	£000
Remuneration	77
Group pension contributions to money purchase pension schemes	11

During the period retirement benefits were accruing to no directors in respect of money purchase pensions.

The highest paid director received remuneration of £77,000.

The value of the group's contributions paid to a personal pension plan in respect of the highest paid director amounted to £11,000.

Notes to the financial statements

at 31 December 2013

6. Information regarding employees

	2013
	£000
Wages and salaries	2,039
Social security costs	243
Other pension costs	3,100
Other costs	119
	5,501

The average monthly number of persons (including members with contracts of employment) employed during the period was as follows:

	No.
Administrative	12
Plant	45
	57

Former Phillips 66 staff transferred to the group following the acquisition of VPI Immingham LLP in July 2013.

7. Interest payable and similar charges

	2013
	£000
On bank loans and overdrafts	9
Loan interest	11,943
	11,952

8. Interest receivable and similar income

	2013
	£000
Bank interest	26

Notes to the financial statements
at 31 December 2013

9. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2013
	£000
Current tax:	
UK corporation tax on the loss for the period	3,592
Adjustments in respect of prior periods	(206)
	3,386
Double taxation relief	–
Foreign tax	–
Adjustments in respect of prior periods	–
Total current tax (note 9(b))	3,386
Deferred tax:	
Origination and reversal of timing differences	(975)
Tax on profit on ordinary activities	2,411

(b) Factors affecting the current tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 23.25%. The differences are explained below:

	2013
	£000
Loss on ordinary activities before tax	(38,453)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25%	(8,940)
Effects of:	
Expenses not deductible for tax purposes and non-taxable income	15,832
Capital allowances for year in excess of depreciation	(566)
Other timing differences	(409)
Group relief	(2,325)
Adjustments to tax charge in respect of prior periods	(206)
Current tax for the period (note 9(a))	3,386

Notes to the financial statements
at 31 December 2013

9. Tax (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	£000
Included in provisions for liabilities	43,861
	43,861

	£000
Accelerated capital allowances	44,270
Other timing differences	(409)
Provision for deferred tax	43,861

	£000
At acquisition	44,836
Acquired during the period	–
Released during the period	(975)
At 31 December 2013	43,861

10. Intangible fixed assets

Group	*Intangible assets £000*
Cost:	
Acquisition of subsidiary undertakings	264,361
Deferred taxation on acquisition	44,836
At 31 December 2013	309,197
Amortisation:	
Charge for the period	19,342
At 31 December 2013	19,342
Net book value:	
At 31 December 2013	289,855

Notes to the financial statements

at 31 December 2013

11. Tangible fixed assets

Group	*Plant and machinery* £000	*Assets under construction* £000	*Total* £000
Cost:			
Acquisition of subsidiary undertakings	452,650	–	452,650
Additions	387	–	387
At 31 December 2013	453,037	–	453,037
Depreciation:			
Charge for the period	9,338	–	9,338
At 31 December 2013	9,338	–	9,338
Net book value:			
At 31 December 2013	443,699	–	443,699

No assets are held under finance leases.

12. Acquisitions

On 23 July 2013 the company acquired VPI Immingham Operations Limited which indirectly owns the VPI Immingham CHP Plant. The investment in the VPI Immingham CHP Plant has been included in the group's balance sheet at its fair value at the date of acquisition.

	Book value £000	*Adjustments* £000	*Fair value* £000
Tangible assets	448,685	3,965	452,650
Stocks	3,374	–	3,374
Debtors	26,168	–	26,168
Cash	11,971	–	11,971
Creditors due within one year	(14,907)	–	(14,907)
Decommissioning provision	(18,958)	–	(18,958)
Deferred taxation	–	–	–
Net assets	456,333	3,965	460,298
Acquisition of intangible assets	–	–	264,361
			724,659
Discharged by:			
Cash			724,659

Notes to the financial statements

at 31 December 2013

13. Investments

Company	*Subsidiary undertakings*
	£000
Cost:	
Additions	408,110
At 31 December 2013	408,110
Amounts provided:	
At 31 December 2013	–
Net book value:	
At 31 December 2013	408,110

Details of the investments in which the group and company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	*Holding*	*%*	*Nature of business*
VPI Immingham Operations Limited	Ordinary	100	Operation and management of combined heat and power plant

VPI Immingham Operations Limited is the owner of VPI ICHP Limited and Immingham Energy Limited who both own 50% of VPI Immingham LLP, a limited liability partnership.

VPI Immingham LLP owns one of the largest CHP plants in Europe, supplying energy to the National Grid and nearby oil refineries.

Notes to the financial statements

at 31 December 2013

13. Investments (continued)

Additional disclosures are given below in respect of VPI Immingham LLP, which exceeds certain thresholds under FRS9 "Associates and Joint Ventures":

	2013
	£000
Fixed assets	443,699
Current assets	71,331
Share of gross assets	515,030
Liabilities due within one year	(43,389)
Provisions for liabilities and charges	(18,958)
Share of gross liabilities	(62,347)
Share of net assets, represented by amounts due to members	452,683
Turnover	365,702
Profit before tax	43,704
Tax	–
Profit after tax	43,704
Share of capital commitments	–

14. Stocks

	Group	*Company*
	2013	*2013*
	£000	*£000*
Engineering stock	2,626	–
Gas oil	562	–
	3,188	–

Notes to the financial statements
at 31 December 2013

15. Debtors

	Group 2013 £000	*Company 2013 £000*
Trade debtors	20,880	–
Amounts owed by related party	35,233	–
Amounts owed by group companies	–	326,053
Accrued receivables	771	–
Corporation tax receivable	3,205	–
Other debtors	1,102	574
Prepayments and accrued income	2,734	–
	63,925	326,627

All amounts are due within one year.

Loan notes included above for the company only are:

	Repayment terms	*Outstanding at year end 2013 £000*
Interest bearing loans	By 31 December 2014	326,021

Included in loan notes above are amounts repayable to the company as follows:

	2013 £000
In one year or less, or on demand	326,021

Notes to the financial statements

at 31 December 2013

16. Creditors: amounts falling due within one year

	Group 2013 £000	*Company 2013 £000*
Floating Rate Unsecured Redeemable Loan Notes	20,000	20,000
Trade creditors	700	–
Amounts owed to related parties	41,531	19,584
Amounts owed to group companies	–	3,352
Other creditors	7,048	–
Accruals and deferred income	14,541	–
	83,820	42,936

An amount of £20,000 is payable at 31 December 2013 in respect of the loan notes and is due for repayment in full by 31 December 2014. The interest rate applied to the company's loans is variable and linked to LIBOR.

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

	Group 2013 £000	*Company 2013 £000*
Floating Rate Unsecured Redeemable Loan Notes	465,916	465,916
	465,916	465,916

An amount of £465,916 is payable at 31 December 2013 in respect of the loan notes and is due for repayment between 2014 and 2021. The interest rate applied to the company's loans is variable and linked to LIBOR.

Included within the above loans are amounts falling due as follows:

	2013 £000
Within one year	20,000
Between two and five years	465,916
	485,916

Notes to the financial statements

at 31 December 2013

18. Deferred taxation

	Group 2013 £000	*Company 2013 £000*
At acquisition	44,836	–
Released during the year (P & L)	(975)	–
At 31 December 2013	43,861	–

The provision for deferred taxation is made up as follows:

	Group 2013 £000	*Company 2013 £000*
Accelerated capital allowances	44,270	–
Other timing differences	(409)	–
	43,861	–

19. Provisions

	Group 2013 £000	*Company 2013 £000*
Acquisition of subsidiary undertakings	18,958	–
At 31 December 2013	18,958	–

The decommissioning obligation in respect of the VPI Immingham CHP Plant has been estimated using the present value of future decommissioning costs, inflated at 2.5% and discounted at 3.5%. No decommissioning costs are currently expected to be incurred within the next year.

20. Issued share capital

	No.	*2013 £*
Allotted, called up and fully paid		
Ordinary shares of £0.10 each	1,000	100

The company was incorporated on 11 April 2013 with 100 shares (with a nominal value of £1 each) and these were sub-divided into 1000 shares (with a nominal value of £0.10 each) on 27 August 2013.

The shares were issued at nominal value plus a premium of £241,553 per share.

Notes to the financial statements

at 31 December 2013

21. Reconciliation of shareholders' funds and movements on reserves

Group	*Share premium*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*
Issued in the period	241,553	–	241,553
Loss for the period	–	(40,864)	(40,864)
At 31 December 2013	241,553	(40,864)	200,689

Company	*Share premium*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*
Issued in the period	241,553	–	241,553
Loss for the period	–	(13,145)	(13,145)
At 31 December 2013	241,553	(13,145)	228,408

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the period dealt with in the financial statements of the company was £13,145,000.

Notes to the financial statements

at 31 December 2013

22. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash outflow from operating activities

	2013
	£000
Operating loss	(26,527)
Amortisation of intangible fixed assets	19,342
Depreciation of tangible fixed assets	9,338
Decrease in stocks	186
Increase in debtors	(37,757)
Increase in creditors	33,584
Net cash outflow from operations	(1,834)

(b) Analysis of net debt

	Cash flow	*Other changes*	*Acquisitions/ disposals*	*At 31 December 2013*
	£000	*£000*	*£000*	*£000*
Cash at bank and in hand	12,577	–	–	12,577
Debt:				
Shareholder loans due within one year	(20,000)	–	–	(20,000)
Shareholder loans due within more than one year	(465,916)	–	–	(465,916)
Net debt	(473,339)	–	–	(473,339)

23. Pension commitments

The group operates a defined contribution scheme. At the balance sheet date, pension commitments of £2,044,000 were unpaid.

24. Capital commitments

At 31 December 2013 the group had capital commitments as follows:

Group	*2013*
	Other
	£000
Contracted for but not provided in these financial statements	–

Notes to the financial statements

at 31 December 2013

25. Other financial commitments

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as set out below:

Group

	2013 *Land and buildings* *£000*
Operating leases which expire:	
Within one year	–
In two to five years	–
Over five years	595
	595

26. Related party transactions

VPI Immingham LLP, an indirect subsidiary, has entered into arm's length energy trading arrangements with Vitol SA, a subsidiary of Vitol Holding BV. Related party energy trading included in turnover is £108,924,000 and cost of goods sold is £74,362,000.

Included in note 15 is £35,233,000 owed from Vitol SA and included in note 16 is £41,531,000 owed to Vitol SA and the shareholders of VPI Holding Limited.

The £485,916,000 Floating Rate Unsecured Redeemable Loan Notes included in notes 16 and 17 are held jointly by the shareholders of VPI Holding Limited.

27. Ultimate controlling party

There is no ultimate controlling party.

28. Post balance sheet events

On 17 June 2014, Immingham Energy Limited and VPI ICHP Limited repaid their loan notes of £163,010,000 each to VPI Holding Limited; VPI Immingham Operations Limited paid a dividend to VPI Holding Limited of £160,000,000 and VPI Immingham LLP issued new unsecured redeemable loan notes to VPI Holding Limited totalling £485,916,000.

Subsequent to period end there has been a change of useful life of the assets extending asset life from 25 years to 35 years.