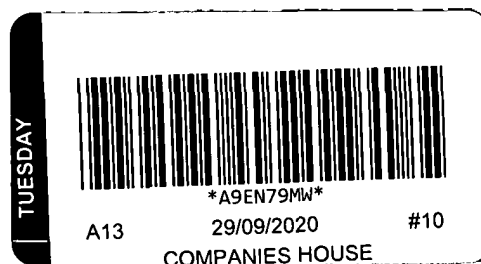

PIMCO 2451 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



PIMCO 2451 LIMITED

COMPANY INFORMATION

Directors JP Hartley
RM Parr
NG Ward
CD Winstanley

Registered number 05740169

Registered office Sceptre House
Sceptre Way
Bamber Bridge
Preston
PR5 6AW

INDEPENDENT AUDITOR RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

PIMCO 2451 LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent Auditor's Report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 22

PIMCO 2451 LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company in the year under review was that of a Local Improvement Finance Trust ("LIFT") formed under the government LIFT initiative to develop and manage primary healthcare and associated facilities.

The directors' report has been prepared in accordance with the provisions applicable to small companies.

Business review

The results for the year and financial position of the company are as shown in the financial statements on pages 7 and 8.

The directors have reviewed the future trading forecasts and cashflow forecast factoring the repayment of bank and subordinated debt and have assessed the company will have sufficient available funds to meet all liabilities as they fall due. On this basis the directors continue to adopt the going concern basis in the preparation of the accounts.

Results and dividends

The profit for the year, after taxation, amounted to £442,687 (2018 - £370,028).

No dividends will be distributed for the year ended 31 December 2019 (2018: £nil)

Directors

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

JP Hartley
RM Parr
NG Ward
CD Winstanley

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information.

Post balance sheet events

On 30 January, the World Health Organisation (WHO) announced Coronavirus as a global health emergency and on 11 March 2020, it announced that Coronavirus was a global pandemic. The UK subsequently entered to a lock down period which has significantly impacted many businesses nationally in terms of their ability to trade effectively.

The Directors continue to monitor and consider the financial impact of the pandemic. Overall, the fair value of swaps has changed as at the date of these financial statements however this will not affect the trading of the company.

PIMCO 2451 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditor

The auditor, RSM UK Audit LLP, was appointed in the year and will be proposed for reappointment in accordance with section 487 of the Companies Act 2006

This report was approved by the board on 30 June 2020 and signed on its behalf.



JP Hartley
Director

Sceptre House
Sceptre Way
Bamber Bridge
Preston
PR5 6AW

PIMCO 2451 LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 to 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.

PIMCO 2451 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIMCO 2451 LIMITED

Opinion

We have audited the financial statements of Pimco 2451 Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

PIMCO 2451 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIMCO 2451 LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

PIMCO 2451 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIMCO 2451 LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Ian Taylor (Senior statutory auditor)

for and on behalf of

RSM UK Audit LLP
Statutory Auditor
Chartered accountants

Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

30 June 2020

PIMCO 2451 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	3	2,476,668	2,409,114
Cost of sales		(433,949)	(436,367)
Gross profit		2,042,719	1,972,747
Administrative expenses		(514,611)	(505,817)
Operating profit	4	1,528,108	1,466,930
Interest receivable and similar income	6	12,590	10,062
Interest payable and similar expenses	7	(930,187)	(956,346)
Profit before tax		610,511	520,646
Tax on profit	8	(167,824)	(150,618)
Profit for the financial year		442,687	370,028
Other comprehensive income for the year			
Fair value adjustments of financial instruments		459,265	364,631
Movement of deferred tax relating to financial instruments		(78,075)	(61,987)
Other comprehensive income for the year		381,190	302,644
Total comprehensive income for the year		823,877	672,672

The notes on pages 10 to 22 form part of these financial statements.

PIMCO 2451 LIMITED
REGISTERED NUMBER: 05740169

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	13,471,899	13,829,786
		<u>13,471,899</u>	<u>13,829,786</u>
Current assets			
Debtors: amounts falling due within one year	10	355,140	425,460
Cash at bank and in hand		3,263,051	3,025,945
		<u>3,618,191</u>	<u>3,451,405</u>
Creditors: amounts falling due within one year	11	(878,399)	(1,073,470)
Net current assets		<u>2,739,792</u>	<u>2,377,935</u>
Total assets less current liabilities		<u>16,211,691</u>	<u>16,207,721</u>
Creditors: amounts falling due after more than one year	12	(19,063,703)	(19,883,610)
Net liabilities		<u>(2,852,012)</u>	<u>(3,675,889)</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account		(2,852,013)	(3,675,890)
		<u>(2,852,012)</u>	<u>(3,675,889)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by 30 June 2020.



JP Hartley
 Director

The notes on pages 10 to 22 form part of these financial statements.

PIMCO 2451 LIMITED

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDING 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	(3,675,890)	(3,675,889)
Comprehensive income for the year			
Profit for the year	-	442,687	442,687
Movement of deferred tax relating to financial instruments	-	(78,075)	(78,075)
Fair value adjustments of financial instruments	-	459,265	459,265
Total comprehensive income for the year	-	381,190	381,190
Total comprehensive income for the year	-	823,877	823,877
At 31 December 2019	1	(2,852,013)	(2,852,012)

The notes on pages 10 to 22 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDING 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1	(4,348,562)	(4,348,561)
Comprehensive income for the year			
Profit for the year	-	370,028	370,028
Movement of deferred tax relating to financial instruments	-	(61,987)	(61,987)
Fair value adjustments of financial instruments	-	364,631	364,631
Total comprehensive income for the year	-	302,644	302,644
Total comprehensive income for the year	-	672,672	672,672
At 31 December 2018	1	(3,675,890)	(3,675,889)

The notes on pages 10 to 22 form part of these financial statements.

PIMCO 2451 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies

1.1 Basis of preparation of financial statements

Pimco 2451 Limited (the "Company") is a company limited by shares and incorporated and domiciled in England and Wales. The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost convention except for the financial instruments that are stated at fair value 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 2).

1.2 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 paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of East Lancashire Building Partnership Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company proposes to continue to adopt the reduced disclosure framework of FRS102 in its next financial statements.

1.3 Going concern

At 31 December 2019, Pimco 2451 Limited ("the company") had net liabilities of £2,852,012 (2018: £3,675,889).

Notwithstanding net liabilities of £2,852,012 (2018: £3,675,889), the directors have reviewed the future trading forecasts and cashflow forecast factoring the repayment of bank and subordinated debt, incorporating an assessment of the financial impact of the Covid-19 pandemic based on the current known situation and have assessed the company will have sufficient available funds to meet all liabilities as they fall due. On this basis the directors continue to adopt the going concern basis in the preparation of the accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.4 Turnover

Turnover is stated net of VAT and represents the value of services supplied during the year. Turnover is derived from the provision of serviced healthcare facilities in East Lancashire.

1.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

1.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest 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.

1.7 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 balance sheet 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 Balance sheet 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 balance sheet date.

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets an estimate of the capital element of the lifecycle maintenance costs as incurred. The costs are depreciated over the remaining useful life of the item of fixed assets.

Depreciation is provided on the following basis:

Freehold property	-	4% cost
-------------------	---	---------

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Creditors

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

1.12 Hedge accounting

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt and RPI swaps to manage inflation risk. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income. Any ineffective portions of those movements are recognised in profit or loss for the period.

PIMCO 2451 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Management have reviewed future trading and cashflow forecasts and consider that the company will have sufficient funds to meet all liabilities as they fall due.

Tangible fixed assets have an estimated useful life of 25 years, and are written off on a straight line basis based on the historical cost to an estimated residual value.

Financial instruments are recognised at fair value in the accounts. Management estimate the fair value of the financial instruments with reference to 3rd party valuations provided by the issuing party and relevant external information in respect of the instrument.

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Provision of serviced healthcare facilities	2,476,668	2,409,114
	<u>2,476,668</u>	<u>2,409,114</u>

All turnover arose within the United Kingdom.

4. Expenses and auditor's remuneration

Included in operating profit are the following:

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,554	4,540
	<u>7,554</u>	<u>4,540</u>

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

Directors' emoluments for services to the company are borne by other entities. An appropriate allocation of their remuneration for services to this company would be £5,000 (2018: £5,000). No recharge for these services is recognised in the financial statements.

6. Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	12,590	10,062
	<u>12,590</u>	<u>10,062</u>

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	755,222	777,139
Other loan interest payable	174,965	179,207
	<u>930,187</u>	<u>956,346</u>

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	175,696	155,215
Total current tax	<u>175,696</u>	<u>155,215</u>
Deferred tax		
Origination and reversal of timing differences	(7,872)	(4,597)
Total deferred tax	<u>(7,872)</u>	<u>(4,597)</u>
Taxation on profit	<u>167,824</u>	<u>150,618</u>

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit before tax	<u>610,511</u>	<u>520,646</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	115,997	98,923
Effects of:		
Impact of change in deferred tax rates and difference between current and deferred tax rates	927	541
Fixed asset permanent differences	50,900	51,154
Total tax charge for the year	<u>167,824</u>	<u>150,618</u>

Factors that may affect future tax charges

The deferred tax asset at 31 December 2019 has been calculated based on a rate of 17% as this is the prevailing rate that the group expected the deferred tax asset to reverse. In the Budget on 12 March 2020, the Government announced that the rate of corporation tax from 1 April 2020 would remain at 19%; had this change been substantively enacted at 31 December 2019, the group's deferred tax asset would have been £41,000 higher.

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Tangible fixed assets

	Freehold property £
Cost	
At 1 January 2019	18,577,372
Additions	99,055
At 31 December 2019	<u>18,676,427</u>
Depreciation	
At 1 January 2019	4,747,586
Charge for the year on owned assets	456,942
At 31 December 2019	<u>5,204,528</u>
Net book value	
At 31 December 2019	<u>13,471,899</u>
At 31 December 2018	<u>13,829,786</u>

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Debtors

	2019 £	2018 £
Prepayments and accrued income	2,891	3,008
Deferred taxation (see note 14)	352,249	422,452
	<u>355,140</u>	<u>425,460</u>

11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	317,629	450,511
Subordinated loans	42,823	38,030
Amounts owed to group undertakings	100,290	155,449
Corporation tax	152,278	144,842
Accruals and deferred income	265,379	284,638
	<u>878,399</u>	<u>1,073,470</u>

The amounts owed by group undertakings are interest free and are repayable on demand.

PIMCO 2451 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Bank loans	12,464,879	12,782,698
Other loans	1,335,732	1,378,555
Financial instruments (after 1 yr)	5,263,092	5,722,357
	19,063,703	19,883,610

Secured loans

The bank loans are secured by a fixed and floating charge over all company assets. Interest is charged at between 0.85% and 0.95% above LIBOR. These are hedged by fixed rate swap agreements at between 4.85% and 4.985%. The unsecured subordinated debt is due to the parent company and interest is payable at a fixed rate of 12.5%. The bank loan and subordinated debt are both repayable by instalments and mature in 2032.

Financial instruments

To hedge the potential volatility in future cash flows arising from movements in LIBOR and from movements in inflation, the company has entered into swap agreements with the Royal Bank of Scotland. The interest rate swaps result in the company paying interest and receiving LIBOR interest and effectively fix the total costs on loans and interest rate swaps at the underlying interest rate. The RPI swaps result in the company receiving or paying amounts based on the difference of actual RPI and the instrument's notional RPI. The fair value of the swaps are:

	Notional Amount	Maturity year	Fixed rate	Fair value 2019	Fair value 2018
	£			£	£
Interest rate swap 1	11,908,790	2032	4.870%	3,296,290	3,278,477
Interest rate swap 2	1,669,461	2032	4.730%	780,933	726,602
RPI swap 2	1,089,920	2033	2.830%	1,185,869	1,717,278
	11,668,171			5,263,092	5,722,357

The derivatives are accounted for as a hedge of variable interest rate risks and inflation risk, in accordance with FRS 102. The cash flows arising from the interest rate and RPI swaps will continue until their maturity, coinciding with the repayment of the loans or associated RPI income streams accordingly.

The change in fair value in the period is recognised in other comprehensive income as the swaps were 100% effective hedges.

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	317,629	450,511
Subordinated loans	42,823	38,030
	<u>360,452</u>	<u>488,541</u>
Amounts falling due 1-2 years		
Bank loans	312,606	317,629
Subordinated loans	48,471	42,823
	<u>361,077</u>	<u>360,452</u>
Amounts falling due 2-5 years		
Bank loans	1,858,144	1,549,335
Subordinated loans	186,115	164,963
	<u>2,044,259</u>	<u>1,714,298</u>
Amounts falling due after more than 5 years		
Bank loans	10,294,129	10,915,734
Subordinated loans	1,101,146	1,170,769
	<u>11,395,275</u>	<u>12,086,503</u>
	<u>14,161,063</u>	<u>14,649,794</u>

PIMCO 2451 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Deferred taxation

	2019 £
At beginning of year	422,452
Credited to the profit or loss	7,872
Charged to other comprehensive income	(78,075)
At end of year	352,249

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(542,476)	(550,349)
Short term timing differences	894,725	972,801
	352,249	422,452

15. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £1.00 each	1	1

PIMCO 2451 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Related party transactions

Eric Wright Partnerships Limited

During the year the company received management services from Eric Wright Partnerships Limited, a company in which Eric Wright Group Limited has an interest. Eric Wright Group Limited has a 60% shareholding in the parent company of Pimco 2451 Limited. Services totalling £76,269 (2018: £74,223) were received from Eric Wright Partnerships Limited in the year. An amount of £nil (2018: £nil) was owed to Eric Wright Partnerships Limited as at 31 December 2019.

Eric Wright FM Limited

During the year the company received management services from Eric Wright FM Limited, a company in which Eric Wright Group Limited has an interest. Eric Wright Group Limited has a 60% shareholding in the parent company of Pimco 2451 Limited. Services totalling £481,803 (2018: £498,792) were received from Eric Wright FM Limited in the year. An amount of £nil (2018: £nil) was owed to Eric Wright FM Limited as at 31 December 2019.

Community Health Partnerships

During the year the company charged rent and property management costs to Community Health Partnerships (CHP). CHP has a 40% shareholding in the parent company of Pimco 2451 Limited. Charges for rent and property management costs in the year totalled £2,505,251 (2018: £2,409,114). An amount of £nil (2018: £nil) was owed by CHP as at 31 December 2019.

The company has taken advantage of the exemption conferred by section 33.1A of FRS 102 allowing it to not disclose transactions and balances with other wholly owned subsidiaries of East Lancashire Building Partnership Limited.

17. Post balance sheet events

On 30 January, the World Health Organisation (WHO) announced Coronavirus as a global health emergency and on 11 March 2020, it announced that Coronavirus was a global pandemic. The UK subsequently entered to a lock down period which has significantly impacted many businesses nationally in terms of their ability to trade effectively.

The Directors continue to monitor and consider the financial impact of the pandemic. Overall, the fair value of swaps has changed as at the date of these financial statements however this will not affect the trading of the company.

18. Controlling party

The company is a subsidiary undertaking of East Lancashire Building Partnership Limited. East Lancashire Building Partnership Limited is a joint venture between Eric Wright Group Limited and Community Health Partnerships therefore there is no controlling party over East Lancashire Building Partnership Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by East Lancashire Building Partnership Limited, Sceptre House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW. The consolidated financial statements of East Lancashire Building Partnership Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff.