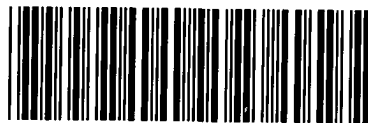


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Company Registration No. 06945809 (England and Wales)

**PEEL FINANCE (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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# PEEL FINANCE (UK) LIMITED

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# PEEL FINANCE (UK) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	John Whittaker Steven Underwood A.C.A Neil Lees A.C.I.S. Peter Hosker LL.B David Muir Miller Ruth Woodhead	(Appointed 21 December 2017)
<b>Company secretary</b>	Neil Lees A.C.I.S.	
<b>Company number</b>	06945809	
<b>Registered office</b>	Peel Dome Intu Trafford Centre Traffordcity Manchester M17 8PL	
<b>Auditor</b>	Deloitte LLP Statutory Auditor Manchester United Kingdom	
<b>Bankers</b>	The Royal Bank of Scotland Plc	

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# PEEL FINANCE (UK) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2018

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The directors present the strategic report for the year ended 31 March 2018.

#### **Principle activity and review of the business**

The principle activity of the company is the lending of money within the Peel Holdings Group Limited group of companies.

The Company's results and financial position are set out in the profit and loss account and balance sheet on page 10 and 11.

As shown in the profit and loss account, turnover for the year totalled £10.249m (2017: £11.803m). Pre-tax profits have increased from £0.658m in the previous year to £2.277m in the current year owing to a contract entered into with no associated costs.

Shareholder's funds increased by £2.048m from £2.799m at 31 March 2017 to £4.847m at 31 March 2018 due to the profit for the year.

No dividends were paid in the year (2017: £nil).

At 31 March 2018 the Company had net current assets of £4.847m (2017: £2.799m).

During the year, Eurobonds (listed in the Cayman Islands) totalling £30.407m were issued by the company to the holding company and £5.863m were redeemed, the balance at 31 March 2018 was £329m. These are included within the amounts due to fellow group undertakings.

#### **Cash flow risk**

The company has no exposure to either foreign currency risk or interest rate risk.

#### **Credit risk**

The company's principal financial assets are group loans which are risk-free in the context of this group.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company can rely on appropriate funding from the group it belongs to.

#### **Future developments**

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the coming year. The future departure of the UK from the EU gives rise to uncertainty and this will be closely monitored.

# PEEL FINANCE (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### Risks and Uncertainties

The directors consider the principal risk of the company to be that the companies within the wider Peel group, to which Peel Finance (UK) Limited provides lending service, are unable to repay their debts as they fall due. As such, the risks and uncertainties of the company are deemed to be consistent with those of the companies to whom funding is provided. However such risks are mitigated by support provided to the company and to the companies to whom money is lent by the Group. The major risk items are as follows:

- economic cycles and potential impact of adverse changes in property values on the Group's ability to comply with its banking covenants in the future;
- the demand for commercial and residential property and the availability of funding from prospective buyers;
- the availability of suitable replacement finance as required; and
- the Group is party to interest rate changes linked to LIBOR and is at risk of relative changes.

On behalf of the board



**Neil Lees A.C.I.S.**  
**Director**  
**28 September 2018**

# PEEL FINANCE (UK) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their annual report and audited financial statements for the year ended 31 March 2018.

#### Directors

Except where stated, the directors who held office from 1 April 2017 were as follows:

John Whittaker .

Paul Wainscott A.C.I.S.

(Resigned 16 March 2018)

Steven Underwood A.C.A

Neil Lees A.C.I.S.

Peter Hosker LL.B

David Muir Miller

Ruth Woodhead

(Appointed 21 December 2017)

#### Results and dividends

The results for the year are set out on page 9.

The financial risk and business review is stated in the strategic report set out on page 1.

The directors do not recommend payment of a dividend (2017: £nil).

#### Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Directors responsibilities statement

The directors are responsible for preparing the annual 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), including the financial FRS102 reporting standard applicable in the UK and Republic or Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# PEEL FINANCE (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2018**

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### Statement of disclosure to auditor

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

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and


(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

### Going concern

The directors have concluded, after making enquiries, they have a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

On behalf of the board



Neil Lees A.C.I.S.

Director

28 September 2018

# PEEL FINANCE (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL FINANCE (UK) LIMITED

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Peel Finance (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

#### Summary of our audit approach

<b>Key audit matters</b>	The key audit matter that we identified in the current year was the recoverability of receivable from group undertakings.
<b>Materiality</b>	The materiality that we used for the financial statements was £10.040million, which was determined on the basis of 3% of total current assets.
<b>Scoping</b>	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.



# PEEL FINANCE (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL FINANCE (UK) LIMITED (CONTINUED)

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 these matters.**

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Recoverability of receivable from group undertakings</b>	
<b>Key audit matter description</b>	There is a level of judgement involved in determining the recoverability of the £321 million receivable from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance of the group undertakings and support available from the wider group where required. Given the level of judgement and quantitative significance of this balance in the context of the financial statements as a whole, we consider there to be a potential fraud risk. For further details, see accounting policies in note 1 and the debtors note in note 7.
<b>How the scope of our audit responded to the key audit matter</b>	We challenged the directors' judgements regarding the appropriateness of the carrying value through obtaining a copy of the latest financial information, our understanding of the future trading performance of the group undertakings and by assessing the ability of the group undertakings to repay these amounts. We have assessed the ability and willingness for the financial support and evidenced where applicable the wider groups commitment to support these entities. We also reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts. We have assessed the appropriateness of the relevant disclosures included within the financial statements and their compliance with FRS102.
<b>Key observations</b>	Based on the work performed we concluded that receivables from group undertakings are appropriately stated and correctly disclosed

# PEEL FINANCE (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL FINANCE (UK) LIMITED (CONTINUED)

### Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Company financial statements
<b>Materiality</b>	£10.040 million
<b>Basis for determining materiality</b>	3% of total current assets
<b>Rationale for the benchmark applied</b>	In arriving at this judgement we had regard to the principal activity of the company being to loan money to group companies. As such, the value of the debtors due is the most suitable base.

We agreed with the directors that we would report to them all audit differences in excess of £200,800, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. A full scope audit has been performed for the company's financial statements. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

*We have nothing to report in respect of these matters.*

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.

# PEEL FINANCE (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEEL FINANCE (UK) LIMITED (CONTINUED)

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

#### 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

##### Adequacy of explanations received and accounting records

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

***We have nothing to report in respect of these matters.***

##### Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

***We have nothing to report in respect of this matter.***

## PEEL FINANCE (UK) 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.



Rachel Argyle (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
28<sup>th</sup> September 2018

# PEEL FINANCE (UK) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

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	Notes	2018 £	2017 £
Turnover	3	10,249,161	11,802,848
Cost of sales		(7,540,748)	(10,824,701)
<b>Gross profit</b>		<b>2,708,413</b>	<b>978,147</b>
Administrative expenses		(431,342)	(320,019)
<b>Operating profit</b>	4	<b>2,277,071</b>	<b>658,128</b>
<b>Profit on ordinary activities before interest and taxation</b>		<b>2,277,071</b>	<b>658,128</b>
Taxation	6	(228,607)	(154,707)
<b>Profit for the financial year attributable to the equity shareholders of the company</b>		<b>2,048,464</b>	<b>503,421</b>

All of the above results derive from continuing operations.

There were no other gains or losses than as presented in the above profit and loss account, and accordingly, no separate statement of comprehensive income is presented.

# PEEL FINANCE (UK) LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

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	Notes	2018 £	£	2017 £	£
<b>Current assets</b>					
Debtors	8	334,528,747		357,047,565	
Cash at bank and in hand		8,155		67,636	
		<u>334,536,902</u>		<u>357,115,201</u>	
<b>Creditors: amounts falling due within one year</b>	8	(329,689,736)		(354,316,499)	
<b>Net current assets</b>		<u>4,847,166</u>		<u>2,798,702</u>	
<b>Capital and reserves</b>					
Called up share capital	10	100,000		100,000	
Profit and loss reserves		4,747,166		2,698,702	
<b>Total equity</b>		<u>4,847,166</u>		<u>2,798,702</u>	

The financial statements were approved by the board of directors and authorised for issue on 28 September 2018 and are signed on its behalf by:



Neil Lees A.C.I.S.

Director

Company Registration No. 06945809

# PEEL FINANCE (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

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	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2016	100,000	2,195,281	2,295,281
Profit and total comprehensive income for the year	-	503,421	503,421
Balance at 31 March 2017	100,000	2,698,702	2,798,702
Profit and total comprehensive income for the year	-	2,048,464	2,048,464
Balance at 31 March 2018	100,000	4,747,166	4,847,166

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# PEEL FINANCE (UK) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

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	Notes	2018		2017	
		£	£	£	£
Cash flows from operating activities	11		(59,481)		63,733
Net (decrease)/increase in cash and cash equivalents			(59,481)		63,733
Cash and cash equivalents at beginning of year			67,636		3,903
Cash and cash equivalents at end of year			<u>8,155</u>		<u>67,636</u>



# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

#### Company information

Peel Finance (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention the principal accounting policies adopted are set out below.

#### Currency

The financial statements are prepared in pounds sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### 1.2 Going concern

The directors have received confirmation that Peel Finance Holdings (IOM) Limited ("Peel"), the company's holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future not less than 12 months from the date of signing these financial statements. In considering the ability of Peel to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Peel's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

Taking all these factors into account the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the annual report and accounts.

#### 1.3 Turnover

Turnover represents group interest receivable which is charged at LIBOR +2.25% and recognised on a daily basis.

#### 1.4 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### 1.5 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### 1.6 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit and loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### 1.8 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 1.9 Related Party

The company has taken advantage of the exemption in Section 33 of FRS 102 and has not disclosed details of transactions with fellow wholly owned undertakings within the Peel Holdings Group Limited group of companies.

### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any critical accounting judgements or key sources of estimation uncertainty.

# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 3 Turnover

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
<b>Turnover</b>		
Interest received	10,249,161	11,802,848
	<u>10,249,161</u>	<u>11,802,848</u>

The total turnover of the company for the year has been derived from its principle activity wholly undertaken in the United Kingdom.

#### 4 Profit before taxation

2018

2017

£

£

Profit before taxation for the year is stated after charging:

Fees payable to the company's auditor for the audit of the company's financial statements	4,000	4,125
Non-audit fees payable to the company's auditor	1,000	3,000
	<u>5,000</u>	<u>7,125</u>

#### 5 Employees

There were no employees during the year apart from the directors (2017: none).

The directors of the company were remunerated by Peel Group Management Limited for their services to the group as a whole; it is not practicable to allocate their remuneration between their services to group companies.

# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Tax on profit on ordinary activities	2018 £	2017 £
<b>UK Current tax</b>		
UK corporation tax on profits for the current year	361,614	131,626
Adjustments in respect of prior periods	(133,007)	23,081
Total current tax	<u>228,607</u>	<u>154,707</u>
Total tax charge	<u><u>228,607</u></u>	<u><u>154,707</u></u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>2,277,071</u>	<u>658,128</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax of 19.00% (2017: 20.00%)	<u>432,643</u>	<u>131,626</u>
Effects of:		
Adjustments in respect of prior years	(133,007)	23,081
Transfer pricing adjustment re interest	(71,029)	-
	<u>(204,036)</u>	<u>23,081</u>
Tax expense for the year	<u><u>228,607</u></u>	<u><u>154,707</u></u>

The standard rate of tax applied to reported profit on ordinary activities is 19% (2017: 20%).

Finance Act 2016, which was substantively enacted on 6 September 2016, included provisions to reduce the rate of corporation tax to 17% from 1 April 2020.

7 Financial instruments	Notes	2018 £	2017 £
<b>Financial assets</b>			
Measured at amortised cost	8	<u>334,528,747</u>	<u>357,047,565</u>
<b>Financial liabilities</b>			
Measured at amortised cost	9	<u>329,689,736</u>	<u>354,316,499</u>

# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 8 Debtors

	2018 £	2017 £
Other debtors	95,033	124,580
Amounts due from fellow group undertakings	320,919,078	351,834,100
Amounts due from related parties	13,514,636	5,088,885
	<u>334,528,747</u>	<u>357,047,565</u>

Amounts due from fellow group undertakings is in respect of funding which is repayable on demand. Interest is charged on the loans at LIBOR + 2.25%.

Amounts due from related parties are mainly in relation to the 9% loan notes held in Leep Utilities Limited.

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

	2018 £	2017 £
Accruals	20,900	22,650
Amounts due to fellow group undertakings	329,668,836	354,293,849
	<u>329,689,736</u>	<u>354,316,499</u>

Amounts due to fellow group undertakings includes £329m (2017: £304m) in respect of listed Eurobonds issued to the parent company. These have a maturity date of 2020 however can be redeemed at any time. Interest is charged at a rate of 2% above LIBOR.

### 10 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

# PEEL FINANCE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 11 Cash generated from operations

	2018	2017
	£	£
Operating profit	2,277,071	658,128
<b>Movements in working capital:</b>		
Decrease in debtors	22,290,211	33,145,854
(Decrease) in creditors	(24,626,763)	(33,740,249)
<b>Cash (absorbed by)/generated from operations</b>	<u>(59,481)</u>	<u>63,733</u>

#### 12 Related party transactions

During the year a management fee and costs totalling £4,214 (2017: £7,920) were recharged to Peel Investments Finance Limited in the ordinary course of business. At 31 March 2018 the balance was £4,214 (2017: £7,920).

#### 13 Controlling party

The ultimate holding company in the year ended 31 March 2018 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the Billown 1997 Settlement.

The immediate parent company is Peel Holdings Finance Limited, a company incorporated in the Isle of Man.

The largest group of companies, of which the company is a member, that produces consolidated financial statements is Peel Holdings Group Limited, a company incorporated in the Isle of Man. The registered office is Billown Mansion, Ballasalla, Malew, IM9 3DN, Isle of Man

The smallest group of companies, of which the company is a member, that produces consolidated financial statements, is Peel Holdings (IOM) Limited, a company incorporated in the Isle of Man.