PEAC (UK) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2020

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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PEAC (UK) Limited

DIRECTORS AND OTHER INFORMATION

Directors	J. Ashley S. Charlton A. Dahiya (appointed 9 September 2019) J. Sutton (appointed 5 December 2019) J. Phillipou (resigned 7 August 2019) J. Staadecker (resigned 5 September 2019) A. Gadsby (appointed 13 August 2019, resigned 3 February 2020) J. Andrew (appointed 5 December 2019, resigned 16 July 2020)
Registered Office	Inspired Easthampstead Road Bracknell RG12 1YQ
Registered Number	03088213
Secretary	P. Venner
Independent Auditor	BDO LLP 55 Baker Street London W1U 7EL United Kingdom
Bankers	Barclays Bank PLC Broadgate Leicestershire LE87 2BB United Kingdom Bank of America Merrill Lynch Limited 2 King Edward Street EC1A 1HQ London United Kingdom

STRATEGIC REPORT

Principal Activity

PEAC (UK) Limited ("the Company") is a leading provider of business asset finance in the UK.

The company works directly with equipment manufacturers, distributors, partners, and dealers (collectively "vendors") and also via brokers and intermediaries to deliver products which include hire purchase, operating lease, finance lease & block discounting. The vendor and broker relationships are typically supported by traditional program or referral agreements that have varying degrees of integration to support the financial transaction.

Review of business and future developments

On 31 March 2020, the facility with BAML which commenced on 1 January 2016 was closed for funding new asset finance transactions and entered amortisation in respect of the existing book. A new facility with BAML commenced on 1 April 2020 for the funding of new asset finance transactions from that date. The combined approved funding limit for both facilities remained at £320m.

During the period the Company generated new business originations of £118.8 million compared to £251.9 million in the 18 months ended 30 June 2019. New business volume during the last three months of the financial year was severely impacted by the COVID 19 pandemic. During this period, the Company wrote approximately £16million of new business.

Results

For the year ended 30 June 2020, the Company recorded a profit after tax of £7.9 million compared to the prior 18 month period profit of £5.2 million.

Lease earnings

Lease earnings for the 12 months were lower by £15,489k compared to the prior 18 month period. Proportionally, growth in loans and HP revenue and other fees were partially offset by lower gains from disposals.

Interest payable and similar charges

The interest payable and similar charges increased by £3,757k, reflecting the increase in the amount drawn on the securitised credit facility.

Change in bad debt provision/chargeoffs (net of recoveries)

Proportionally charge offs decreased by 33% compared to the prior period.

Administrative Expenses

Administrative expenses for the 12months of £10.2m (2019 18 months (£23.7m) included £1.6m of costs recharged from PEAC Ireland DAC in relation to the infrastructure use of the ALFA platform. The previous period costs of £10.5m also included European Shared Services staff costs prior to its final closure in March 2019.

Other expenses

Other expenses reflects a charge of £3.3m in the period as a result of an unfavourable mark to market adjustment related to the fair value of derivative instruments (18 months ended charge £2.3m).

Interest receivable and similar income

Interest receivable decreased by £555k reflecting the shorter accounting period but also the higher balances owed by PEAC (Holdings (UK) Ltd.

Tax

The credit in the period of £291k represents the movement on the deferred tax assets recognised in the period (18 month period ended 30 June 2019: charge £48k).

STRATEGIC REPORT (continued)

Funding through securitisation facility
The Company's sources of financing for its portfolio and new originations are through a combination of funds from its parent, PEAC Holdings (UK) Limited, and from Bank of America Merrill Lynch through a securitized loan facility entered by PEAC Receivables I D.A.C., the special purpose vehicle set up as part of the securitisation programme. During the year, a second special purpose vehicle, PEAC Receivables II, was incorporated as part of the funding changes (see review of business and future developments).

Principal risks and uncertainties
The company's operations expose it to a variety of financial risks that include credit, liquidity, foreign exchange, residual and interest rate risk. The directors have delegated the responsibility of monitoring financial risk management to a sub-committee of the Board.

Credit Risk
The Company performs ongoing credit evaluations of its customers and evaluates past-due payment status in its determination of the need for specific customer allowances on its accounts receivable.

Foreign Exchange Risk
The Company has exposure to foreign exchange risk as a result of a number of euro denominated operating expenses. Movements in the euro/sterling exchange rates may cause an increase or reduction in the Company's overhead base. The Company monitors the level of foreign exchange risk on an ongoing basis.

Residual Value
The company has finance lease contracts which have residual values on completion of contract term. These residual values are monitored and reviewed on an ongoing basis by the "End of Lease" team.

Liquidity Risk
The Company has exposure to liquidity risks which it manages by producing regular short and medium term cash flow projections, maintaining minimum cash balances, and utilising its conduit financing facility and drawing on funds from its parent.

Interest Rate Risk
The largest of the Company's interest bearing liability is a floating rate loan. The Company has entered into swap agreements to manage the risk associated to the movement of the interest rate. The Company monitors the level of interest rate risk on an ongoing basis.

Key performance indicators (KPI's)
In order to understand the development, performance and position of the business, the directors of the Company use the following KPI:

- Average portfolio yield
- New volume
- Net charge off rate
- Net investment

STRATEGIC REPORT (continued)

Key performance indicators (KPI's) (continued)

KPIs	Year ended 30 June 2020	18 month period ended 30 June 2019
Average Yield of Portfolio	9.43%	9.35%
New volume (£/m)	119m	252m
Net Charge-offs	1.38%	1.25%
Net investment (£/m)	283m	308m

By order of the Board

S. Charlton
Director

Date: 22 January 2021

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of PEAC (UK) Limited ("the Company") for the year ended 30 June 2020.

Dividends
The Company paid no dividends during the year and the Directors do not recommend the payment of a final dividend in respect of the year ended 30 June 2020 (18 month period ended 30 June 2019: nil).

For the year ended 30 June 2020 the Company made a profit after tax of £7,882k (£5,197k profit in the18 month period ended 30 June 2019).

Going concern risk
The financial statements have been prepared on a going concern basis.

The ongoing liquidity of the Company is dependent on its rental payment streams, satisfying the eligibility criteria for conduit financing of receivables, as well as its ability to access funding from its parent and ultimate Parent company.

In concluding that the going concern basis is appropriate for the Company for the year ended 30 June 2020 financial statements, the directors have taken various matters into account. Refer to Note 2(b) to the financial statements on page 16.

The financial impact of Covid-19 on the Company has been assessed and cash flow forecasts have been prepared under a number of downside scenarios. The directors have reviewed these forecasts and consider the Company to have sufficient liquidity to continue its activities as a going concern.

Basis of preparation
The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, including Financial Reporting Standard 102,"The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), in force in the United Kingdom at 30 June 2020 and the Statements of Recommended Accounting Practice "Accounting issues in the asset finance and leasing industry". At 30 June 2020 PEAC (UK) Limited was a wholly owned subsidiary of PEAC Holdings (UK) Limited, which is incorporated in the England and Wales. The ultimate parent company is PEAC Holdings (Ireland) D.A.C. The audited consolidated financial statements of PEAC Holdings (Ireland) D.A.C. for the year ended 30 June 2020, drawn up in accordance with the EU Seventh Directive, include PEAC (UK) Limited.

Events after balance sheet date
On the 21st July 2020, the Group realigned its derivative profile to reflect the new funding arrangements. The value of the PEAC Receivable I D.A.C. derivative was reduced by £3.7m but a new derivative was introduced to PEAC Receivables II D.A.C. for a similar amount so the adjusted derivative valuations at a Group level remained at a similar value. The fair value adjustments of the derivatives are shown in note 7.

Directors and their interests
The names of the Directors who held office during the period and to date are listed on page 3. Unless otherwise noted, all directors served for the entire period.

The Company is exempt from the requirement to report directors' interests on the grounds that the company was wholly owned by an overseas company.

DIRECTORS' REPORT (continued)

Registered Office
The registered office of the company is Inspired Easthampstead Road Bracknell RG12 1YQ.

Qualifying third party and pension scheme indemnity provisions
Throughout the year ended 30 June 2020 and the year ended 30 June 2019, there were no qualifying third party indemnity provisions or qualifying pension scheme indemnity provisions in place.

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

(b) The directors 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 auditors are aware of that information.

By order of the Board

S. Charlton
Director

Registered No: 03088213

Date: 22 January 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)".
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 the 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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

By order of the Board

S. Charlton
Director

Date: 22 January 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PEAC (UK) LIMITED

Opinion

We have audited the financial statements of PEAC UK Limited ("the Company") for the year ended 30 June 2020 which comprise Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity, and the 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 Financial Reporting Standard 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 30 June 2020 and of its profit 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.

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PEAC UK LIMITED (CONTINUED)

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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, 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; 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.

Responsibilities of Directors
As explained more fully in the Statement of Directors Responsibilities, 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:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PEAC UK LIMITED (CONTINUED)

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.

Bdoup

Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
22 January 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PEAC (UK) Limited

STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 30 June 2020

	Note	12 month period ended 30 Jun 2020 £000's	18 month period ended 30 June 2019 £000's
Lease earnings	3	**28,632**	44,121
Interest payable and similar charges	5	**(7,378)**	(11,135)
Gross profit		**21,254**	32,986
Change in bad debt provision/ charge offs (net of recoveries)		**(4,353)**	(6.543)
Administrative costs	4	**(10,268)**	(23,688)
Operating profit		**6,633**	2,755
Interest receivable and similar income	6	**4,227**	4,782
Fair value movement of mark to market SWAP derivative instruments	7	**(3,269)**	(2,292)
Profit on ordinary activities before taxation		**7,591**	5,245
Tax on profit on ordinary activities	10	**291**	(48)
Profit for the year		**7,882**	5,197
Other comprehensive income		-	-
Total comprehensive income for the year		**7,882**	5,197

The notes on pages 16 to 31 form an integral part of these financial statements.

PEAC (UK) Limited

BALANCE SHEET
As at 30 June 2020

	Note	30 Jun 2020	30 Jun 2019
		£ 000's	£ 000's
Non Current Assets			
Tangible assets	11	**1,463**	1,993
Debtors: due after one year	13	**164,963**	185,516
		166,426	187,509
Current assets			
Cash at bank	12	**31,911**	17,340
Debtors: due within one year	13	**194,386**	196,374
		226,297	213,714
Creditors: due within one year	16(a)	**(121,496)**	(121,239)
Net current assets		**104,801**	92,475
Total assets less current liabilities		**271,227**	279,984
Creditors: due after one year	16(b)	**(147,890)**	(164,514)
Net Assets		**123,337**	115,470
Capital and reserves			
Called up share capital	18	**21,192**	21,192
Share premium reserve		**41,919**	41,919
Profit and loss account		**60,226**	52,359
Shareholders' funds		**123,337**	115,470

The notes on pages 16 to 31 form an integral part of these financial statements.

Approved by the Directors on 22 January 2021 and signed on their behalf by:

S. Charlton
Director

STATEMENT OF CHANGES IN EQUITY
As at 30 June 2020

	Note	Called-up share capital	Share Premium reserve	Retained earnings	Total
Balance as at 1 January 2018		21,192	41,919	47162	110,273
Total comprehensive income for the year		-	-	5,197	5,197
Balance as at 30 June 2019	**19**	**21,192**	**41,919**	**53,239**	**115,470**
Balance as at 1 July 2019	**18**	21,192	41,919	52,359	115,470
Prior year adjustment				(15)	(15)
Total comprehensive income for the period		-	-	7,882	7,882
Balance as at 30 June 2020	**19**	**21,192**	**41,919**	**60,226**	**123,337**

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance
The financial statements of PEAC (UK) Limited ("the Company") have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Companies Act 2006.

2. Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

a) Basis of preparation
These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.f, 2.n and 2.p.

b) Going concern
As at 30 June 2020, the Company had net assets of £123.3m (30 June 2019: £115.5m) and it has recorded a profit after tax of £7.9m for the year (18 month period ended 30 June 2019: £5.2m profit).

An assessment of the Company's ability to continue as a going concern has been carried out and the Directors have concluded that the going concern basis of preparation is appropriate.

The financial impact of Covid-19 on the Company has been assessed and cash flow forecasts have been prepared under a number of downside scenarios. The directors have reviewed these forecasts and consider the Company to have sufficient liquidity to continue its activities as a going concern.

c) Exemptions for entities under FRS 102
The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows as PEAC Holdings (Ireland) D.A.C., includes the company's cash flows in its own consolidated financial statements.

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

d) Foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

e) Lease Earnings

Lease earnings are derived entirely from activities in the United Kingdom and comprise of finance income recognised in the period in respect of finance leases, hire purchase contracts and rental receivable on operating lease contracts. It also includes income in respect of early terminations of such types of contracts, gains / losses made on sale of equipment and renewal income, offset by any recoveries, charge offs and changes in bad debt provision for the year.

i) Operating leases

Where the Company leases out equipment for less than its expected useful life or does not transfer substantially all the risks and rewards of ownership, the lease is accounted for as an operating lease. Operating lease rental income is recognised on a straight-line basis over the term of the lease.

ii) Finance leases (and hire purchase/loan contracts with similar characteristics)

Where the Company leases out equipment and there is a transfer of substantially all of the risks and rewards of ownership to the lessee, the lease is accounted for as a finance lease, and the net investment is included in current assets. Income from finance leases is credited to the statement of comprehensive income on a basis that produces a constant periodic rate of return on the outstanding net investment.

Amounts due from lessees in respect of finance leases are stated at the total of the minimum lease payments plus residual value less rentals received to date and less finance income allocated to future periods.

f) Residual values

Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Throughout the life of an asset, its residual value will fluctuate because of the uncertainty of the future market and technological changes or product enhancements as well as general economic conditions. Residual values are set at the commencement of the lease based upon management's expectations of future values. During the course of the lease, residual values are reviewed on an annual basis so as to identify any impairment provision required. This monitoring takes account of the Company's past history for residual values, current values and projections of the likely future market for each group of assets.

Any permanent impairment in the residual value of an asset is identified within such reviews and charged immediately to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

g) Initiation costs

The Company's policy with respect to initiation costs is to capitalise costs and amortise on a reducing balance basis over the life of the related lease.

h) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension scheme.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

i) Interest receivable and similar income and interest payable and similar charges

All income and expense is recognised on an accruals basis so as to match costs incurred with revenues earned, irrespective of when payments are made or received.

j) Taxation

UK Corporation tax is provided on taxable profits/(losses) at the current tax rate.
Deferred tax is provided on 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 temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Deferred tax assets are recognised on the expected Company profit, based on its financial plan.

k) Tangible fixed assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Assets under operating leases are classified as fixed assets and depreciated from original cost to estimated residual value.

Depreciation on tangible fixed assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Operating lease equipment	Over the term of the lease
Leasehold property	Over the period of lease
Office equipment	Straight line over 4 years
ALFA platform	Straight line over 10 years

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

l) Investments in subsidiaries

Investment in subsidiary companies is held at cost less accumulated impairment losses.

Acquisition expenses are treated as part of the cost of acquisition and include incremental costs such as professional fees paid to investment banks, accountants, legal advisers and other consultants. Such expenses exclude any other costs, or allocation of costs, that would still have been incurred had the acquisition not been entered into.

The carrying values of the investment in subsidiary undertakings are reviewed for impairment on an annual basis. To the extent that the carrying value is considered to be less than the recoverable amount, an impairment charge is reflected in the statement of comprehensive income.

m) Issue cost of capital instruments

Issue costs are those incurred directly in connection with the issue of a capital instrument and that would not have been incurred had the specific instrument in question not been issued.

Issue costs are accounted for as a deduction from the amount of the consideration received and amortized over the instrument's term.

n) Financial instruments

(i) Financial assets

Basic financial assets, including net investment in finance leases, intercompany loans and hire purchase contracts, trade and other receivables, cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

(i.i) Financial assets - net investment in finance leases credit losses

The company provides for credit losses equivalent to the net investment for an exposure where:

- The arrears on the agreement has reached 151 days past due (dpd); or
- The company is insolvent; or
- The company is not technically insolvent but there is clear objective evidence that the customer will be unable to meet its obligations as they fall due.

Exemptions may be applied provided all the following conditions are met:

- An assessment is made by management that the exposure or a proportion of the exposure is recoverable; and
- The recovery scenario is clear and recoverability is judged to be more probable than not. Partial exemptions may be applied where the assessment of the probability is complex with many uncertainties; and
- Reasonable costs of recovery have been provided for in the net assessment of the provision; and
- The exemption has been authorised during the month end review process

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

n) Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies that are classified as debt, are initially recognised 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specific notional amounts. Interest rate swaps relate to contracts taken out by the company with Bank of America Merrill Lynch as part of the securitisation programme started in January 2016, in which the company either receives or pays a floating rate of interest in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The valuation of the interest rate swaps for the approximate net amount to be received or paid (i.e., the fair value) is marked-to-market by using counterparty prices, and such valuations are based on the obligations of the company relative to the terms of the contract, current interest rates, interest accrual through the valuation date and certain other factors.

The Company and PEAC Receivables I D.A.C., the special purpose vehicle set up as part of the securitized facility, entered into derivative financial instruments, to manage the entity's exposure to interest rate risk under the securitisation programme during the year.

As the Company retains the risk and rewards of these derivative financial instruments, the impact of these derivatives has been reflected in the financial statements of the Company as at 30 June 2020. The interest rate derivatives have a total notional of £333.8m (30 June 2019: £286.1m) and a fair value adjustment at 30 June 2020 of £3.3m (30 June 2019: £2.3m). The derivative contracts are due to mature in 2023.

The impact of these derivatives has been reflected in the Statement of Comprehensive Income of the Company.

On the 21st July 2020, the Group realigned its derivative profile to reflect the new funding arrangements. The value of the PEAC Receivable I D.A.C. derivative was reduced by £3.7m but a new derivative was introduced to PEAC Receivables II D.A.C. for a similar amount so the adjusted derivative valuations at a Group level remained at a similar value.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

n) Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

o) Cash and cash equivalents

Included in cash and cash equivalents and deposits held on call with the bank.

p) Provisions and contingencies

(i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even of the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. In particular, provision is not made for future operating losses.

(ii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3. Lease Earnings

Lease earnings includes the following:

	12 month period ended 30 Jun 2020 £ 000's	18 month period ended 30 June 2019 £ 000's
Finance lease income	**18,084**	27,136
Operating lease income	**420**	1,512
Loans/hire purchase income	**3,812**	7,091
Gain/(loss) on disposals	**571**	(80)
Other fees	**5,745**	8,462
	28,632	44,121

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Administrative costs

Administrative costs in the period include :	**12 month period ended 30 Jun 2020 £ 000's**	18 month period ended 30 June 2019 £ 000's
European shared service centre fee (operations costs)	**1,632**	10,526
Depreciation	**518**	1,471
Professional fees (legal fees, audit fees, consulting fees)	**651**	671
Staff costs	**5,470**	7,413
Other costs (including marketing/ sales, subscriptions, miscellaneous)	**125**	1,338
Occupancy costs	**55**	1,087
IT & other office costs	**1,370**	636
Facility & bank fees	**174**	188
T&E	**80**	219
Printing & stationery	**83**	139
Foreign exchange loss	**110**	0
	10,268	23,688

5. Interest payable and similar charges

Interest payable and similar charges include:	**12 month period ended 30 Jun 2020 £ 000's**	18 month period ended 30 June 2019 £ 000's
Interest on intercompany loans from group undertakings	**519**	268
Interest expense on third party debt	**5,876**	9,233
Deferred debt issuance costs amortised	**455**	757
Other charges	**528**	877
	7,378	11,135

Deferred debt issuance costs:	**2020 £ 000's**	2019 £ 000's
At 1 July	**462**	1,136
Additions	**-**	83
Amortised through SOCI during the year	**(455)**	(757)
At 30 June 2020	**7**	462

Debt issuance costs are deferred on the balance sheet and subsequently written off over the weighted average life of the portfolio. The costs deferred at 30 June 2020 include the company's allocation of the fees relating to setting up the securitisation program.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Interest receivable and similar income

	12 month period ended 30 Jun 2020 £ 000's	18 month period ended 30 June 2019 £ 000's
Interest on intercompany loans to parent	4,216	4,759
Bank interest receivable	11	23
	4,227	4,782

7. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:	12 month period ended 30 Jun 2020 £ 000's	18 month period ended 30 June 2019 £ 000's
Fees paid to company auditors – for current year audit services	139	126
Fees paid for tax compliance	36	43
Staff costs (see note 8)	5,470	7,413
Other expenses:		
- Fair value movement of mark to market SWAP derivative instruments	(3,269)	(2,292)
- Operating lease expenses	156	362
- Depreciation Operating Lease equipment	376	1,311
- Depreciation Other tangible fixed assets	157	160

8. Staff numbers and related costs

The average number of people employed by the Company (including directors) is 58 (18 month period ended 30 June 2019: 55).

	12 month period ended 30 Jun 2020	18 month period ended 30 June 2019
Senior management	2	3
Credit, Finance and Legal	16	13
Sales and Marketing	10	14
Operations	31	25
Average number of employees	58	55

	12 month period ended 30 Jun 2020 £ 000's	18 month period ended 30 June 2019 £ 000's
Wages & salaries	4,027	5,540
Social security	505	770
Other pension costs	308	451
Other benefits and sales incentives	630	652
	5,470	7,413

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Staff numbers and related costs (continued)

The company operates a Defined Contribution Pension (DCP) Scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The DCP contributions were £294k for the year (18 month period ended 30 June 2019 : £445k).

9. Directors' Remuneration

	Year ended 30 Jun 2020 £ 000's	18 month period ended 30 June 2019 £ 000's
Directors' emoluments	**728**	1,045
Company contributions to money purchase pension schemes	**27**	47
	755	1,092

Four directors were employed and paid by the Company, with two of these active directors at 30 June 2020. The other directors have not received remuneration for their service to the Company.

Emoluments of the highest paid director were £422k (18 month period ended 30 Jun 2019: £818k).

10. Taxation

a. Analysis of the tax charge in the period	12 month period ended 30 Jun 2020 £ 000's	18 month period ended 30 June 2019 £ 000's
Current tax:		
UK corporation tax on loss of the periods	-	-
Adjustment in respect of previous periods	-	-
Total current tax		-
Deferred tax:		
Origination and reversal of timing differences	288	48
Total deferred tax	(579)	48
Tax on profit/(loss) on ordinary activities	(291)	48

b. Factors affecting tax charge for the period	12 month period ended 30 Jun 2020 £ 000's	18 month period ended 30 June 2019 £ 000's
Reconciliation of current tax on profits on ordinary activities at the standard rate of corporation tax to the company's actual current tax charge is shown below		
Profit on ordinary activities before tax	**7,591**	5,245

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Taxation (continued)

b. Factors affecting tax charge for the period (continued)	**12 month period ended 30 Jun 2020 £ 000's**	18 month period ended 30 June 2019 £ 000's
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19.00% (2019: 19.00%)	**1,442**	997
Effects of:		
Fixed Asset Differences	**113**	
Deferred tax not recognised	**(111)**	996
Income not deductible for tax purposes	**(76)**	
Expenses not deductible for tax purposes	**95**	255
Group relief (claimed)	**(1,754)**	(2,318)
Adjustment relating to change in tax rates		112
Current tax (credit)/charge for period (note 10a.)	**(291)**	48

c. Factors that may affect future tax charges

The Corporation Tax main rate has been maintained at 19% (2019 effective rate: 19.00%)

11. Tangible fixed assets

	Office Equipment under Operating leases	**Leasehold Property**	**Office Equipment**	**Software**	**Total**
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Cost					
At 1 July 2019	3,353	235	544	615	4,747
Prior year adjustment	-	100	-	-	100
Additions	-	-	99	62	161
Disposals	(1,451)	-	(414)	-	(1,865)
At 30 June 2020	**1,902**	**335**	**229**	**677**	**3,143**
Depreciation					
At 1 July 2019	2,178	49	460	67	2,754
Prior year adjustment	-	15	-	-	15
Charge for the period	376	19	47	76	518
Disposals	(1,193)	-	(414)	-	(1,607)
At 30 June 2020	**1,361**	**83**	**93**	**143**	**1,680**
Net Book Value					
At 30 June 2020	**541**	**252**	**136**	**534**	**1,463**
At 30 June 2019	1,175	186	84	548	1,993

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Tangible fixed assets (continued)

The Company's residual value exposure in respect of operating lease equipment, all of which are expected to be disposed of at the end of the lease term, is expected to be recovered as follows:

	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Less than 1 year	**193**	200
1 - 2 years	**47**	270
2 - 3 years	**-**	2
3 - 5 years	**-**	3
Total	**240**	475

12. Cash at Bank

Included in cash at bank is cash in hand and deposits held on call as well as restricted cash relating to cash collections for the securitised lease contracts.

	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Cash at bank	**31,911**	17,340
Of which restricted	***10,928***	*3,161*

13. Debtors

	Note	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Amounts falling due within one year:			
Trade debtors		**28,375**	26,034
Net investment in finance leases and hire purchase contracts		**118,507**	122,843
Bad debts provision	14	**(15,908)**	(11,224)
Amounts owed by parent undertaking	21	**50,976**	45,083
Amounts owed by other group undertakings	21	**5,491**	6,354
Other debtors		**654**	998
Deferred tax asset	15	**5,608**	5,316
Prepayments and accrued income		**683**	970
		194,386	196,374

	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Amounts falling due after more than one year:		
Net investment in finance leases and hire purchase contracts	**164,963**	185,516

	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Reconciliation of gross investment and present value of minimum lease payments receivable		
Gross investment in the lease	**322,434**	351,815
Less: Finance charges allocated to future periods	**(39,955)**	(43,352)
	283,469	308,463

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Debtors (continued)

	30 Jun 2020	30 Jun 2019
	£ 000's	£ 000's
Gross investment in finance leases		
One year or less	**132,087**	136,998
Between one and five years	**186,481**	211,380
Over five years	**4,856**	3,437
Total net investment	**323,424**	351,815

	30 Jun 2020	30 Jun 2019
	£ 000's	£ 000's
Present value of minimum lease payments receivables		
One year or less	**118,506**	122,947
Between one and five years	**161,267**	182,857
Over five years	**3,696**	2,659
Total net investment	**283,469**	308,463

	30 Jun 2020	30 Jun 2019
	£ 000's	£ 000's
Residual values included in finance lease net investment		
One year or less	**15,066**	14,052
Between one and five years	**12,176**	11,927
Over five years	**5**	0
Total exposure	**27,247**	25,979

Included in debtors at 30 June 2020 was a portfolio of lease receivables with a net present value of £268,781k, sold to a fellow subsidiary under a securitisation structure set up in January 2016.

Also included in debtors was a second portfolio of lease receivables with a net present value of £14,133k, sold to another fellow subsidiary under a securitisation structure set up in April 2020.

The directors have concluded that the Company retains all significant risks and rewards associated with the receivables and accordingly these assets continue to be recognised in the Company's financial statements and a financial liability was also recognised in respect of the related funding received.

14. Provision for bad and doubtful debts

Provision against specific debts	2020	2019
	£'000's	£'000's
1 July 2019	**11,224**	4,681
Increase in loss pool	**331**	6,543
Increase in year charged to P&L	**4,353**	
30 June 2020	**15,908**	11,224

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Deferred tax asset/(liability)

Deferred taxation assets/(liabilities) recognised in the accounts and the assets/(liabilities) not recognised are as follows:

	30 Jun 2020 Recognised £'000's	30 Jun 2020 Unrecognised £'000's	30 Jun 2019 Recognised £'000's	30 Jun 2019 Unrecognised £'000's
At 1 July	5,316	23,705	5,364	22,003
(Released)/arising relating to the current year	-	3,073	-	1,045
(Released)/arising during the prior year	-	208	-	705
Recognition of deferred tax through SOCI	291	-	(48)	(48)
At 30 June	5,607	26,986	5,316	23,705

The amount of the unprovided deferred tax asset at the balance sheet date in respect of all unrecognised timing differences is £26,986k (30 June 2019: unrecognised £23,705k) using a rate of 19% (2019:17%). The tax rate will be maintained at 19% for the years starting 1 April 2020. The Directors believe sufficient taxable profits to utilise the losses will arise in the future and have decided to recognize deferred tax assets for £5,607k (30 June 2019: £5,316k) based on the accounting policy described in note 2.j. The majority of these losses and charges may be carried forward indefinitely under current law.

16(a) Creditors: amounts falling due within one year

	Note	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Trade creditors		(1,311)	(3,352)
Amounts owed to other group undertakings	21	(3,572)	(3,067)
Loan note facility		(102,095)	(105,763)
Payroll taxes		(145)	(294)
Amounts owed to HMRC		(3,623)	(1,871)
Other creditors		(1,315)	(606)
Derivative financial liability		(7,398)	(4,129)
Accruals and deferred income		(2,038)	(2,157)
		(121,496)	(121,239)

16(b) Creditors: amounts falling after one year

	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Loan note facility	(147,890)	(164,514)

PEAC Receivables I D.A.C. entered into a senior loan facility with Bank of America Merrill Lynch as part of the securitisation programme started in January 2016. The facility is backed by commercial equipment lease contracts. On 28th September 2018, the Company agreed an extension to the revolving period of its facility with BAML by two years to the 31st December 2020.

PEAC receivables II D.A.C entered into a new senior loan facility with Bank of America Merrill Lynch as part of the securitisation programme started in April 2020. The facility is backed by commercial equipment lease contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16(b) Creditors: amounts falling after one year (continued)

Maturity of Discounted Floating Rate Note	**30 Jun 2020**	30 Jun 2019
	£ 000's	£ 000's
One year or less	**(102,095)**	(105,763)
Between one and five years	**(144,137)**	(161,870)
Over five years	**(3,753)**	(2,645)
Total	**(249,985)**	(270,278)

17. Financial instruments

The Company's financial instruments may be analysed as follows:

	30 Jun 2020	30 Jun 2019
	£ 000's	**£ 000's**
Financial assets:		
Financial assets measured at amortised cost	**400,877**	404,406
Financial liabilities:		
Financial liabilities measured at fair value through profit or loss	**(7,398)**	(4,129)
Financial liabilities measured at amortised cost	**(256,182)**	(277,302)

Financial assets measured at amortised cost comprise cash, trade debtors, finance lease and hire purchase receivables, other debtors and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise bank and intercompany loans, trade creditors and other creditors.

Financial liabilities measured at fair value through profit or loss include derivative financial instruments comprising interest rate swaps. Under FRS102 PEAC categorises the swap inputs as Level 3. Information regarding the company's exposure to and management of credit risk, liquidity risk, market interest rate risk, and foreign exchange risk is included in the Strategic report.

On the 21st July 2020, the Group realigned its derivative profile to reflect the new funding arrangements. The value of the PEAC Receivable I D.A.C. derivative was reduced by £3.7m but a new derivative was introduced to PEAC Receivables II D.A.C. for a similar amount so the adjusted derivative valuations at a Group level remained at a similar value. The fair value adjustments of the derivatives are shown in note 7.

18. Called up share capital and reserves

	30 Jun 2020	30 Jun 2019
Authorised		
Ordinary Shares of £1 each	350,000,000	350,000,000
Allotted, called up and fully paid		
Ordinary Shares of £1 each	21,191,605	21,191,605

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Called up share capital and reserves (continued)

	Share premium reserve £ 000's	Profit and loss account £ 000's	Total £ 000's
At 1 July 2019	41,919	52,359	94,278
Prior year adjustment	-	(15)	(15)
Profit for year	-	7882	7,882
At 30 June 2020	**41,919**	**60,224**	**102,145**

The share premium account includes the premium on issue of equity shares, net of any issue costs.
Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Reconciliation of movements in shareholders' funds

	30 Jun 2020 £ 000's	30 Jun 2019 £ 000's
Profit/ (loss) for the financial period	**7,882**	5,197
Net addition to shareholders' fund	**7,882**	5,197
Opening shareholders' funds	**115,470**	110,273
Prior year adjustment	**(15)**	
Closing shareholders' funds	**123,337**	115,470

20. Contingent liabilities and commitments

20(a) – Contingent liabilities
There were no contingent liabilities at 30 June 2020 (30 June 2019 – none).

20(b) – Commitments

Land and buildings	**30 Jun 2020 £ 000's**	30 Jun 2019 £ 000's
At the year-end the Company has rental commitments under non-cancellable operating leases as follows:		
Expiring:		
- Not later than 1 year	**79**	-
- Later than 1 year and not later than 5 years	**276**	552
- Later than 5 years	-	276
Total	**355**	828

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group.

Details of the availability of the group financial statements are given in note 22.

22. Controlling parties

At the year end, the immediate controlling party, was PEAC Holdings (UK) Limited, a company incorporated in England. Copies of its financial statements are available from Inspired, Easthampstead Road, Bracknell, RG12 1YQ, United Kingdom.

The parent undertaking of both the largest and smallest group of undertakings for which group financial statements are drawn up, and of which the company and immediate controlling party were members, is PEAC Holdings (Ireland) D.A.C., a company incorporated in the Republic of Ireland. Copies of its financial statements are available from Inspired, Easthampstead Road, Bracknell, RG12 1YQ, United Kingdom.

23. Subsequent events

On the 21st July 2020, the Group realigned its derivative profile to reflect the new funding arrangements. The value of the PEAC Receivable I D.A.C. derivative was reduced by £3.7m but a new derivative was introduced to PEAC Receivables II D.A.C. for a similar amount so the adjusted derivative valuations at a Group level remained at a similar value. The fair value adjustments of the derivatives are shown in note 7

24. Key management compensation

The compensation of senior management team, including pension contributions, was £1,733k (18 month period ended 30 June 2019: £1,511k).

25. Approval of financial statements

The financial statements were approved by the directors on 22 January 2021.