

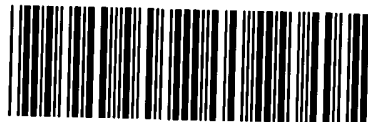
**Kestrel Acquisitions Limited**

**Directors' Report and financial statements**

**For the year ended 31 March 2017**

**Registered number 5055827**

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## Strategic Report

### Principal activities and business review

Kestrel Acquisitions Limited (the 'Company') is part of the Kestrel Holdings Limited group of companies (the 'Kestrel Group').

The Company acts as an investment holding company.

The Directors continue to keep the Company's strategic options under review. In September 2016 the Directors proposed that the Company enter into a company voluntary arrangement under Part 1 of the Insolvency Act 1986 to improve the Company's balance sheet by compromising the Fixed Rate Unsecured Loan Notes 2021 issued on 31 March 2008 and the Fixed Rate Unsecured Loan Notes 2021 issues on 12 May 2004 ('Tier 2 Loan Notes'). The Company's creditors supported the proposals and the Tier 2 Loan Notes were compromised on 21 November 2016. The £250,159,000 Tier 2 Loan Notes compromised by certain loan note investors has been treated as a capital contribution.

### Borrowings

Following the successful completion of the company voluntary arrangement the Company has loan notes of £382m at 31 March 2017 (2016: £562m) due to its investors. During the year the Company has continued to progressively redeem this debt with total repayments of £30.7m (2016: £86.7m).

### Principal risks and uncertainties

The Company has identified the key risks that could impede or frustrate the delivery of its strategic objectives. These risks are set out below.

#### Liquidity and cash flow risk

Liquidity risk is the risk that the Company will be unable to meet current and future financial commitments as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and reasonable stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is managed by operating a dual strategy approach, which seeks to identify and minimise the likelihood of unforeseen demands for settlement of liabilities, whilst identifying and maintaining immediate or near term sources of additional cash should they prove necessary.

Cash flow risk is the risk that the Company's available cash will not be sufficient to meet its financial obligations. The Company is principally funded by interest bearing loan notes from Alchemy Partners Nominees Limited ('Alchemy') and Alchemy Partners L.P. Inc ('Alchemy L.P.') maturing in March 2021. Although it carries out no trading activities on its own behalf, cash flow risk is mitigated by the Kestrel Group's underlying trading performance and continuing support received from the ultimate controlling party, to Alchemy and Alchemy L.P..

The Company operates as part of the Kestrel Group. The Kestrel Group's performance remains sensitive to the economic environment, which may be impacted by inflation, Bank of England base rate, future house price movement and the level of arrears on customer accounts, which in turn influence the level of impairment. The Directors have reviewed the Kestrel Group's current financial position and have prepared detailed financial projections for the period to March 2021. In preparing these projections the Kestrel Group places reliance upon continuing support provided by the principal investors in the Kestrel Group, namely Alchemy and Alchemy L.P.. These projections, even after accommodating a downside scenario, indicate the adequacy of the Kestrel Group's cash resources.

The Company is exposed to the risk of deterioration in the cash flows and business performance in its subsidiary undertakings which may have an adverse effect on the carrying value of the Company's investments.

## Strategic Report *(continued)*

### Legal and regulatory risk

Legal and regulatory risk is the risk of loss arising from a breach of existing law and regulation or legal or regulatory changes in the markets in which the Kestrel Group operates.

The Company operates in a legal environment that exposes it to potentially significant litigation and other legal risks. As a result, the Company may be involved in various disputes and legal proceedings. Any disputes and legal proceedings are subject to many uncertainties and their outcomes are often difficult to predict.

### **Going concern**

The Company has net liabilities of £349.6m at 31 March 2017 (2016: £491.3m net liabilities) mainly arising due to the accumulated interest on the loan notes. The Kestrel Group has successfully defended an action brought about by a former minority investor, however on 31 March 2015 the High Court of Justice Chancery Division found the Company to be balance sheet insolvent under section 123(2) of the Insolvency Act 1986. The same judgment confirmed that the Company was cash flow solvent under section 123(1)(e) of the Insolvency Act 1986. Management continues discussions with the principal investors regarding the capital structure of the Company and places reliance upon the continuing support provided by these investors.

The Company's cash flows are intrinsically linked to the cash flows of the Kestrel Group. The Kestrel Group's performance remains sensitive to the economic environment, which may be impacted by inflation, Bank of England base rate, future house price movement and the level of arrears on customer accounts, which in turn influence the level of impairment. The Directors have reviewed the Kestrel Group's current financial position and have prepared detailed financial projections for the period to March 2021. In preparing these projections the Kestrel Group places reliance upon continuing support provided by the principal investors in the Kestrel Group, namely Alchemy and Alchemy L.P.. These projections, even after accommodating a downside scenario, indicate the adequacy of the Kestrel Group's cash resources.

On behalf of the Board



A Punch  
Director  
6 June 2017

Arcadia House, Warley Hill Business Park,  
The Drive, Great Warley, Brentwood, Essex  
CM13 3BE

## Directors' Report

The Directors present their annual report and the financial statements of Kestrel Acquisitions Limited ('the Company') for the year ended 31 March 2017.

### Directors

The Directors who held office during the year were as follows:

A Brooks

A Punch

Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Proposed dividend

The Directors do not recommend the payment of a dividend (2016: £nil).

### Political contributions

The Company made no political contributions during the year (2016: £nil).

### Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

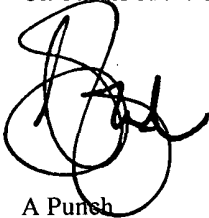
### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Other information

Information on the Company's principal activities and business review, and principal risks and uncertainties has been included in the Strategic Report on pages 2-3.

On behalf of the Board



A Punch  
Director  
6 June 2017

Arcadia House, Warley Hill Business Park,  
The Drive, Great Warley, Brentwood, Essex  
CM13 3BE

## **Statement of Directors' responsibilities in respect of the Directors' Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Kestrel Acquisitions Limited**

We have audited the financial statements of Kestrel Acquisitions Limited for the year ended 31 March 2017 set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

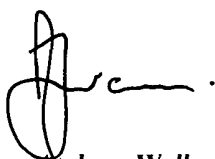
## **Independent auditor's report to the members of Kestrel Acquisitions Limited**

*(continued)*

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

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

- adequate accounting records have not been kept, 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.



**Andrew Walker (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

One Snowhill  
Snowhill Queensway  
Birmingham  
B4 6GH

6 June 2017



**Profit and loss account**  
*for the year ended 31 March 2017*

	Note	2017 £'000	2016 £'000
<b>Total administrative expenses and operating loss</b>		<b>(40,182)</b>	<b>(12,820)</b>
Interest receivable and similar income	4	30,698	7,987
Interest payable and similar charges	5	(100,448)	(104,764)
<b>Loss before tax</b>	2	<b>(109,932)</b>	<b>(109,597)</b>
Tax on loss	6	1,480	590
<b>Loss for the year</b>		<b>(108,452)</b>	<b>(109,007)</b>

All amounts relate to continuing operations.

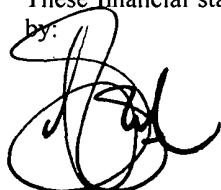
The Company had no recognised gains or losses in the financial year other than those dealt with in the profit and loss account. Accordingly, no statement of other comprehensive income has been prepared.

The notes on pages 11-19 form part of these financial statements.

**Balance sheet**  
**at 31 March 2017**

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Investments	7		75,053		115,053
<b>Current assets</b>					
Debtors	8	532		305	
Cash at bank and in hand		128		1	
		<u>660</u>		<u>306</u>	
<b>Creditors: Amounts falling due within one year</b>	9	<u>(43,739)</u>		<u>(44,673)</u>	
<b>Net current liabilities</b>			<u>(43,079)</u>		<u>(44,367)</u>
<b>Total assets less current liabilities</b>			31,974		70,686
<b>Creditors: Amounts falling due after more than one year</b>	10		(381,587)		(562,006)
<b>Net liabilities</b>			<u>(349,613)</u>		<u>(491,320)</u>
<b>Capital and reserves</b>					
Called up share capital	12		10		10
Share premium account	13		940		940
Profit and loss account	13		(350,563)		(492,270)
<b>Shareholder's deficit</b>			<u>(349,613)</u>		<u>(491,320)</u>

These financial statements were approved by the Board of Directors on 6 June 2017 and were signed on its behalf by:



A Punch  
 Director



A Brooks  
 Director

The notes on pages 11-19 form part of these financial statements.

**Statement of changes in equity**  
*for the year ended 31 March 2017*

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
<b>At 1 April 2015</b>	<b>10</b>	<b>940</b>	<b>(419,186)</b>	<b>(418,236)</b>
Capital contribution	-	-	35,923	35,923
Loss for the year	-	-	(109,007)	(109,007)
<b>At 31 March 2016</b>	<b>10</b>	<b>940</b>	<b>(492,270)</b>	<b>(491,320)</b>
Capital contribution	-	-	250,159	250,159
Loss for the year	-	-	(108,452)	(108,452)
<b>At 31 March 2017</b>	<b>10</b>	<b>940</b>	<b>(350,563)</b>	<b>(349,613)</b>

In June 2015 certain loan notes investors waived £35.9m of accrued and unpaid interest, which has been treated as a capital contribution.

In November 2016 as part of a company voluntary arrangement certain loan note investors compromised £250.2m of loan notes, which has been treated as a capital contribution.

The notes on pages 11-19 form part of these financial statements.

## **Notes (forming part of the financial statements)**

### **1. Accounting policies**

#### ***Company information***

The Company is private company limited by shares and incorporated and domiciled in England and Wales. The address of its registered office is Arcadia House, Warley Hill Business Park, The Drive, Great Warley, Brentwood, Essex CM13 3BE.

#### ***Basis of preparation***

The Company financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102').

The Company is included in the consolidated annual financial statements of Kestrel Holdings Limited and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemption under FRS102 in respect of certain disclosures by the Company has been applied:

- no separate cash flow statement with related notes is shown as it is included in the consolidated financial statements of the ultimate parent company, Kestrel Holdings Limited.

The accounting policies set out below have, unless stated, been applied consistently to all periods presented in these annual financial statements.

The presentation currency of these financial statements is sterling (£); all amounts have been presented to the nearest £1,000 unless otherwise stated.

The Company is exempt by section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

#### ***Measuring convention***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost basis. The financial statements have been prepared on a going concern basis.

#### ***Going concern***

The Company has net liabilities of £349.6m at 31 March 2017 (2016: £491.3m net liabilities) mainly arising due to the accumulated interest on the loan notes. The Kestrel Group has successfully defended an action brought about by a former minority investor, however on 31 March 2015 the High Court of Justice Chancery Division found the Company to be balance sheet insolvent under section 123(2) of the Insolvency Act 1986. The same judgment confirmed that the Company was cash flow solvent under section 123(1)(e) of the Insolvency Act 1986. Management continues discussions with the principal investors regarding the capital structure of the Company and places reliance upon the continuing support provided by its investors, namely Alchemy and Alchemy L.P..

The Company's cash flows are intrinsically linked to the cash flows of the Kestrel Group. The Kestrel Group's performance remains sensitive to the economic environment, which may be impacted by inflation, Bank of England base rate, future house price movement and the level of arrears on customer accounts, which in turn influence the level of impairment. The Directors have reviewed the Kestrel Group's current financial position and have prepared detailed financial projections for the period to March 2021. In preparing these projections the Kestrel Group places reliance upon continuing support provided by the principal investors in the Kestrel Group, namely Alchemy and Alchemy L.P.. These projections, even after accommodating a downside scenario, indicate the adequacy of the Kestrel Group's cash resources.

## **Notes** *(continued)*

### ***Fixed assets and impairment***

Investments held as fixed assets are stated at cost less any provision for impairment in value or amounts written off. The Company treats a financial asset as impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Where a loan is made from a parent entity to one of its subsidiaries any difference between the face value of the loan and the present value of the future cash flows is treated as an increase in the parent company's cost of investment in the subsidiary.

### ***Loan notes***

Loan notes are initially measured at the present value of the future payments including transaction costs, discounted at the market rate of interest. They are subsequently measured at amortised cost using the effective interest method with the unwind of the discount taken to the profit and loss account as interest payable. The Company derecognises a financial liability when its contractual liabilities are compromised, discharged, cancelled or expire or when there has been a substantial modification of the terms of the financial liability.

### ***Intra-group loans***

Long-term loan balances between group undertakings are initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Where a loan is made from a parent entity to one of its subsidiaries any difference between the face value of the loan and the present value of the future cash flows is treated as an increase in the parent company's cost of investment in the subsidiary; in all other cases the difference is taken directly to reserves. Loan balances between group undertakings are subsequently measured at amortised cost using the effective interest method with the unwind of the discount taken to the profit and loss account as interest receivable or interest payable as appropriate.

Short-term loan balances between group undertakings are measured at face value.

The Company derecognises a financial asset or liability when its contractual liabilities are discharged, cancelled or expire or when there has been a substantial modification of the terms of the financial liability.

### ***Cash***

Cash comprises demand deposits.

### ***Taxation***

Tax on the profit or loss for the year may comprise both current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expenses are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expenses.

## Notes (continued)

### Taxation (continued)

Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax is recognised, without discounting, at tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Significant judgments and estimates

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

#### Loan notes

The rate of interest at inception was considered to be representative of the market rate of interest for a similar debt instrument. The cash flows were based upon the estimated repayment profile of the loan notes. Accordingly these judgments have impacted the carrying value of the loan notes. Additionally, any changes in these estimates of cash flows may result in an adjustment to the carrying value of the loan notes with the corresponding charge or release to interest payable being included in the period in which the estimates are revised.

#### Intra-group loans

The discount applied to the face value of long-term intra-group loans at below market rates of interest is based upon the estimated repayment profile of the loan and apply a rate of interest that is considered to be representative of a market rate of interest. Accordingly these judgments have impacted the carrying value of the loan. Additionally, any changes in these estimates of cash flows may result in an adjustment to the carrying value of the loan asset with the corresponding charge or release to the profit and loss account being included in the period in which the estimates are revised. The Company uses judgment to assess whether, based upon the future estimated cash flows, the amounts due from group companies are recoverable.

#### Investments

The carrying value of investments in subsidiary undertakings is evaluated on an on-going basis to reflect the best estimate of the recoverable value of the subsidiary undertakings based upon the cash flows of the underlying assets of those undertakings.

## 2. Loss before tax

	2017 £'000	2016 £'000
<i>Loss before tax is stated after charging/ (crediting)</i>		
Auditors remuneration (excluding VAT):		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6	13
Fees payable to the Company's auditors for other services:		
Tax compliance services	17	30
Other tax advisory services	36	141
Impairment of investments	40,000	-
Impairment of amounts due from group undertakings	-	11,714
Reversal of impairment due from group undertakings	(2)	-

**Notes** *(continued)*

**3. Staff numbers and costs**

For the year ended 31 March 2017 predominantly all the employees of the Kestrel Group had a joint employment contract with the ultimate parent undertaking, Kestrel Holdings Limited, and its subsidiary undertakings. No allocation of their costs was made to the Company.

**4. Interest receivable and similar income**

	2017 £'000	2016 £'000
Other interest	-	6
On loans to group undertakings	-	7,981
Dividends received from subsidiary company	30,698	-
	<b>30,698</b>	<b>7,987</b>

**5. Interest payable and similar charges**

	2017 £'000	2016 £'000
On loans notes	100,448	104,764

**6. Tax**

Analysis of credit in the year recognised in the profit and loss account

	2017 £'000	2016 £'000
Current tax on loss for the year	(1,102)	(551)
Adjustment to prior year liabilities	(378)	(39)
<b>Total tax credit on loss</b>	<b>(1,480)</b>	<b>(590)</b>

The tax credit for the current year is lower than the standard rate of corporation tax in the UK. The differences are explained on the following page.

## Notes (continued)

### 6. Tax (continued)

	2017 £'000	2016 £'000
Loss before tax	(109,932)	(109,597)
Total tax charge at 20% (2016: 20%)	(21,986)	(21,919)
<i>Effects of:</i>		
Non-deductible expenses	26,810	22,834
Income not taxable for tax purposes	(6,139)	(1,596)
Adjust closing unprovided deferred tax balance to current rate tax	947	578
Adjust opening unprovided deferred tax balance to current rate tax	(578)	-
Movement in unrecognised deferred tax balances	(539)	(448)
Movement in unrecognised deferred tax balance in prior year	383	-
Adjustment to prior year liabilities	(378)	(39)
Total tax credit included in loss for the year	(1,480)	(590)

The current rate of corporation tax is 20%. There will be a reduction in the UK rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020.

### 7. Fixed asset investments

	2017 £'000	2016 £'000
Shares in group undertakings	75,053	115,053

The Company has the following wholly owned subsidiary undertakings which are all incorporated in the United Kingdom.

Name of subsidiary undertaking	Principal activity
Swift Advances plc*	Finance Company and loan administrator
Swift 1 <sup>st</sup> Limited	Finance Company and loan administrator
Kestrel Loans No. 4 Limited	Beneficial owner of mortgage loans
Kestrel Loans No. 1 Limited*	Finance Company
Kestrel Loans No. 3 Limited*	Finance Company
Kestrel Loans No. 2 Limited	Dormant
Swift Securities Limited	Dormant
Kestrel Advances Limited	Dormant
Swift Homeloans Limited	Dormant
Kestrel No. 4 Limited*	Dormant

\* held directly by Kestrel Acquisitions Limited



## Notes (continued)

### 7. Fixed asset investments (continued)

During the year shares in group undertakings were impaired by £40,000,000 (2016: £nil) to reflect the estimated recoverable value.

### 8. Debtors

	2017 £'000	2016 £'000
Prepayments and accrued income	1	1
Amounts owed by group undertakings	531	304
	532	305

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

	2017 £'000	2016 £'000
Trade creditors	-	1
Amounts due to group undertakings	43,716	44,626
Accruals and deferred income	23	46
	43,739	44,673

### 10. Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Loan notes due to Alchemy	372,788	522,733
Other loan notes due to group undertakings	-	20,274
Other loan notes due to Alchemy L.P.	8,799	18,999
	381,587	562,006

#### Analysis of debt:

	2017 £'000	2016 £'000
<i>Debt can be analysed as falling due:</i>		
Between two and five years	381,587	562,006

## Notes (continued)

### 10. Creditors: amounts falling due after more than one year (continued)

In September 2016 the Directors proposed that the Company enter into a company voluntary arrangement under Part 1 of the Insolvency Act 1986 to improve the Company's balance sheet by compromising the Fixed Rate Unsecured Loan Notes 2021 issued on 31 March 2008 and the Fixed Rate Unsecured Loan Notes 2021 issued on 12 May 2004 ('Tier 2 Loan Notes'). Following the conclusion of the company voluntary arrangement the Fixed Rate Unsecured Loan Notes 2021 issued on 31 March 2008 were delisted in December 2016.

Following the company voluntary arrangement the loan notes due to Alchemy comprise £nil (2016: £201,031,000) Fixed Rate Unsecured Loan Notes 2021 issued on 31 March 2008, £79,196,000 (2016: £68,505,000) Fixed Rate Unsecured Loan Notes 2021 issued on 2 November 2007, and £293,592,000 (2016: £253,197,000) Fixed Rate Unsecured Loan Notes 2021 issued on 25 July 2008.

Of the loan notes due to Alchemy, £nil (2016: £90,937,000) of the Fixed Rate Unsecured Loan Notes 2021 issued on 31 March 2008, £18,357,000 (2016: £18,357,000) of the Fixed Rate Unsecured Loan Notes 2021 issued on 2 November 2007, and £69,231,000 (2016: £69,231,000) of the Fixed Rate Unsecured Loan Notes 2021 issued on 25 July 2008 are listed on the Channel Islands Stock Exchange (which is not within European Union jurisdiction).

The other loan notes constitute £nil (2016: £11,387,000) Fixed Rate Unsecured Loan Notes 2021 issued on 31 March 2008, £8,799,000 (2016: £7,612,000) Fixed Rate Unsecured Loan Notes 2021 issued on 2 November 2007 and £nil (2016: 20,274,000) Fixed Rate Unsecured Loan Notes 2021 issued on 12 May 2004.

Of the other loan notes, £nil (2016: £5,151,000) of the Fixed Rate Unsecured Loan Notes 2021 issued on 31 March 2008, and £2,040,000 (2016: £2,040,000) of the Fixed Rate Unsecured Loan Notes 2021 issued on 2 November 2007 are listed on the Channel Islands Stock Exchange (which is not within European Union jurisdiction).

### 11. Financial instruments

	2017 £'000	2016 £'000
<b>Financial assets at amortised cost</b>		
Amounts owed by group undertakings	531	304
	<b>531</b>	<b>304</b>
<b>Financial liabilities at amortised cost</b>		
Amounts due to group undertakings	43,716	44,626
Loan notes	381,587	562,006
	<b>425,303</b>	<b>606,632</b>

## Notes (continued)

### 12. Called up share capital

	2017 £'000	2016 £'000
<b>Authorised</b>		
1,000,000 Ordinary shares of £0.01 each	10	10
<b>Allotted, called up and fully paid</b>		
950,000 Ordinary share of £0.01 each	10	10

### 13. Reserves

#### *Called up share capital*

Called up share capital represents the nominal value of shares that have been issued.

#### *Share premium account*

The share premium account comprises any premiums received on the issue of share capital.

#### *Profit and loss account*

The profit and loss account includes all current and prior period profits and losses.

### 14. Related party disclosures

The Company's ultimate controlling party is deemed to be the Alchemy Investment Plan. The detail of loan notes due at 31 March 2017 are set out in note 10.

The beneficial interests of the current and former directors of the ultimate parent undertaking are set out below:

At 31 March 2017 S Bodger had a beneficial interest of £nil (2016: £11,244) of the Fixed Rate Unsecured Loan Notes 2021 (issued on 31 March 2008), £2,469 (2016: £2,469) of the Fixed Rate Unsecured Loan Notes 2021 (issued on 2 November 2007), £8,713 (2016: £8,713) of the Fixed Rate Unsecured Loan Notes 2021 (issued on 25 July 2008) through the Alchemy Investment Plan Co-investment scheme.

During the year the Company was recharged £nil (2016: £6,000) by Alchemy Partners (Guernsey) Limited relating to expenses incurred in providing services to the Company.

### 15. Ultimate parent

The Company's ultimate parent undertaking is Kestrel Holdings Limited, incorporated in the United Kingdom. The Company's parent undertaking is Kestrel Holdings Limited, incorporated in the United Kingdom. Kestrel Holdings Limited is the parent undertaking of the largest group of which Kestrel Acquisitions Limited is a member and for which group financial statements are drawn up. Copies of the group financial statements are available from Companies House.

**Notes** *(continued)*

**16. Ultimate controlling party**

77.9% (2016: 73.4%) of the issued share capital of Kestrel Holdings Limited, the ultimate parent undertaking of the Company, is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited and is deemed to be the ultimate controlling party.