

## **PEPPER EUROPEAN SERVICING LIMITED**

Register Number: 06549766

Annual Report and Financial Statements

for the year ended 31 December 2020

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**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

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**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**General Information**

**Directors**

Fraser Mcleod Gemmell

Richard Klemmer

Stavros Makaritis

**Company Secretary**

Roger Lansdowne

**Registered office**

4<sup>th</sup> Floor, Reading Bridge House

George Street,

Reading,

Berkshire,

United Kingdom

RG1 8LS

**Independent auditor**

Deloitte LLP

Statutory Auditor

1 New Street Square

London

EC4A 3HQ

United Kingdom

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Directors' Report**

The directors' present their annual report and audited financial statements for Pepper European Servicing Limited (the "Company") for the year ended 31 December 2020.

The Company has taken advantage of the exemptions from including a strategic report and certain information in the directors' report, because the Company would have qualified for the small Companies' regime were the Company not a member of an ineligible group.

**Principal activities**

The principal activity of the Company during the period under review was as a holding company and to provide a range of support services to financial services companies, however it is not involved in any trading activities in the last 12 months.

**Results for the period and dividends**

The statement of comprehensive income for the Company is set out on page 5.

The company's profit after tax for the year amounted to £2,400,000 (2019: £nil). A dividend of £2,400,000 was received during current year (2019: £nil) from Pepper (UK) Limited. It was then distributed to Pepper Europe Investments UK Limited, the immediate parent of the Company.

**Directors**

The directors who held office during the period and up to the date of this report, except as noted, were:

Fraser Mcleod Gemmell

Richard Klemmer

Stavros Makaritis

The company has no employees.

**Directors' interests**

None of the directors held any beneficial interest in the ordinary share capital of the Company during the year, nor did they have any material contract or arrangement with the Company.

**Directors qualifying third party indemnity provision**

In accordance with the requirements of section 236 of the Companies Act 2006, qualifying third party indemnity provisions are in force for the benefit of the directors of the company and of its associates.

**Going concern**

In making the going concern assessment for the Company, the directors considered the impact of the current economic uncertainty as a result of the COVID-19 pandemic. There was no potential impairment of investments in subsidiaries held by the Company due to the limited impact expected on servicing business revenue. The investments were tested for impairment at 31 December 2020 and no impairment was recognised.

The directors have assessed the Company's liquidity position, revised business plan and projected cashflow obligations, largely consisting general administration expenses only as the Company as it is not engaged in any active business. The Company has sufficient assets to meet its liabilities as they fall due for payment and to continue in operational existence for the foreseeable future.

The directors have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Brexit assessment**

The UK formally left the European Union (EU) on 31st January 2020. The UK-EU Trade and Cooperation Agreement agreed on 24 December 2020 has brought certainty and clarification about many (but importantly not all) of the changes arising from the UK's departure from the EU ('Brexit').

The Company does not involve in any trading activities apart from lending and borrowing with the fellow companies within the ultimate group for internal investments and capitalisation.

The Company has not experienced any adverse impact or identified any additional risks as a result of the Brexit developments. The Company will continue to closely monitor and analyse political, economic and regulatory developments to ensure it remains well positioned to respond to any potential shocks and minimise any disruption.

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Directors' Report (continued)**

**Political and charitable contributions**

The Company did not make any political or charitable donations or incur any political expenditure during the period and during the comparative period.

**Events after the balance sheet date**

Ultimate group internal restructure

During March 2021 Red Hot Australia Holdco Pty Limited (Holdco), the Company's ultimate holding company at 31 December 2020, and its subsidiaries (collectively the Pepper Group) undertook a corporate restructure.

As part of the restructure, a new foreign holding company (Pepper Global Topco Ltd – Topco, incorporated in Jersey) was established and substantially all Holdco shareholders exchanged Holdco shares for Topco shares, no cash consideration was paid. Therefore, the ultimate holding company of the Company changed from Holdco to Topco.

During the restructure, the Company sold 100% of the ordinary shares held in the Pepper Group ANZ Holdco Limited to Pepper Global Midco Limited (Midco - incorporated in Jersey). The immediate holding company Pepper Europe Investments UK Limited (PEIUK) then sold 100% of the ordinary shares held in the Company to Midco for a non-cash consideration of AU\$104.4m. Therefore, after the restructure Midco became the immediate holding company of the Company.

The Company then acquired 100% of the shares in:

- Pepper Italian investments Limited, Pepper Ireland Finance Holdings Limited (an entity that directly owns 100% of the shares in Pepper Finance Corporation (Ireland) DAC and indirectly 100% of the shares in Pepper Finance (H73) Limited), Pepper Cyprus Holdings Limited (an entity that directly owns 100% of the shares in Pepper Cyprus Limited and indirectly 100% of the shares in Pepper Greece SA, Pepper Hellas SA, and Avent IKE) from Pepper Europe (UK) Limited for a total of AU\$149.6m non-cash consideration, and Pepper Spanish Servicing SLU from Pepper Spanish Holdings Limited for a non-cash consideration of AU\$18.8m.

The group of entities above are collectively referred to as Pepper European Servicing, a loan servicing business operating in Europe.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

**Disclosure of information to the auditor**

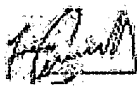
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself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

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

**Auditor**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

**Approved and authorised for issue by order of the Board**



Fraser Mcleod Gemmell  
Director

28 September 2021

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

## **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB.

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 their profit or loss of the Company for that year. In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 its 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.

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Independent auditor's report to the members of Pepper European Servicing Limited  
Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Pepper European Servicing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, and relevant legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Dividend income revenue recognition: We inspected Board minutes and the written resolution of the company's wholly owned subsidiary approving the dividend to the company.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

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

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

- the information given in the directors' report for the financial year for which the financial statements is prepared and consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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



**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

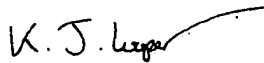
We have nothing to report in respect of these matters.

**Other matter**

As the company was exempt from audit under section 480 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

**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.



Kieren Cooper FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

29 September 2021

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Statement of Comprehensive Income**

For the year ended 31 December 2020

		<b>Year ended 31 December 2020</b>	<b>Year ended 31 December (unaudited)<sup>1</sup> 2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Continuing Operations</b>			
Dividends received	7	2,400,000	-
<b>Total revenue</b>		<b>2,400,000</b>	<b>-</b>
Administrative expenses	5	-	-
<b>Profit / (loss) before tax</b>		<b>2,400,000</b>	<b>-</b>
Tax credit / (charge)	6	-	-
<b>Profit / (loss) after tax for the year</b>		<b>2,400,000</b>	<b>-</b>

The profit after tax is the same as the total comprehensive loss for the year. There are no items of other comprehensive income in the year.

The accompanying notes are an integral part of these financial statements.

<sup>1</sup> The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

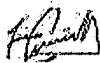
**PEPPER EUROPEAN SERVICING LIMITED**  
Company Number: 06549766  
For the year ended 31 December 2020

## Statement of Financial Position

As at 31 December 2020

Assets	Notes	2020	2019 (unaudited) <sup>1</sup>
		£	£
<b>Non-current assets</b>			
Investment in subsidiaries	7	180,000	180,000
<b>Total non-current assets</b>		<b>180,000</b>	<b>180,000</b>
<b>Total assets</b>		<b>180,000</b>	<b>180,000</b>
<b>Liabilities</b>			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<b>180,000</b>	<b>180,000</b>
<b>Equity</b>			
Called up share capital	8	3,850	3,850
Share premium account	9	169,400	169,400
Retained earnings		6,750	6,750
<b>Total equity</b>		<b>180,000</b>	<b>180,000</b>
<b>Total equity and liabilities</b>		<b>180,000</b>	<b>180,000</b>

These financial statements were approved and authorised for issue by the Board of Directors' on 28 September 2021. These were signed on its behalf by:



Fraser Mcleod Gemmell  
Director  
28 September 2021

The accompanying notes are an integral part of these financial statements.

<sup>1</sup> The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Statement of Changes in Equity****For the year ended 31 December 2020**

	Called up share capital £	Share Premium Account £	Retained earnings £	Total equity £
<b>Balance at 1 January 2019</b>	<b>3,850</b>	<b>169,400</b>	<b>6,750</b>	<b>180,000</b>
Profit / (loss) for the period	-	-	-	-
<b>Balance at 31 December 2019 (unaudited)<sup>1</sup></b>	<b>3,850</b>	<b>169,400</b>	<b>6,750</b>	<b>180,000</b>
Profit / (loss) for the period	-	-	2,400,000	2,400,000
Dividend paid during the period (Note 7)	-	-	(2,400,000)	(2,400,000)
<b>Balance at 31 December 2020</b>	<b>3,850</b>	<b>169,400</b>	<b>6,750</b>	<b>180,000</b>

The accompanying notes are an integral part of these financial statements.

<sup>1</sup> The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Notes to the Financial Statements****1 General information**

Pepper European Servicing Limited (the "Company") is a holding Company. The Company is a limited company, limited by shares, incorporated in the UK and domiciled in England and Wales. The address of its registered office is 4<sup>th</sup> Floor, Reading Bridge House, George Street, Reading, Berkshire, United Kingdom, RG1 8LS. The Company's principal activity is disclosed in the Directors' report on page 2.

The financial statements comprise a statement of financial position, statement of comprehensive income and statements of changes in equity and related notes. These financial statements are presented in Pound Sterling because that is the currency of the primary economic environment in which the Company operates.

The Company utilized an exemption from audit for the financial year 2019 under section 480 of the Companies Act 2006 as the Company was dormant from the end of the previous audited financial year 2018 and would have qualified for the small companies regime if the Company was not member of an ineligible group.

**2 Going concern**

In making the going concern assessment for the Company, the directors considered the impact of the current economic uncertainty as a result of the COVID-19 pandemic. There was no potential impairment of investments in subsidiaries held by the Company due to the limited impact expected on servicing business revenue. The investments were tested for impairment at 31 December 2020 and no impairment was recognised.

The directors have assessed the Company's liquidity position, revised business plan and projected cashflow obligations, largely consisting general administration expenses only as the Company as it is not engaged in any active business. The Company has sufficient assets to meet its liabilities as they fall due for payment and to continue in operational existence for the foreseeable future.

The directors have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**Statement of compliance**

The Company has chosen to adopt IFRS in the current year, transitioning from Financial Reporting Standard 101 ("FRS 101"), to bring these financial statements in line with other entities within the Pepper Group. The Company has assessed that change in accounting policies has no impact on the prior year comparatives.

**Explanation of transition to IFRS from FRS101**

	<b>2019</b>
<b>Equity</b>	<b>£</b>
Equity reported under FRS 101	180,000
No adjustments	-
Equity reported under IFRS	<u>180,000</u>
 <b>Profit</b>	
Profit for the financial period under FRS 101	-
No adjustments	-
Profit for the financial period under IFRS	<u>-</u>

These financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the UK.

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Notes to the Financial Statements (continued)**

**3 Summary of significant accounting policies (continued)**

**Basis of presentation**

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The directors of the Company have elected not to prepare consolidated financial statements and exemption from consolidation has been used under IFRS 10.

A Statement of Cash Flows is not presented as the Company did not maintain a bank account for both current and prior year. Receipts and payments pertaining to the Company are transacted by its Parent Company Pepper Europe (UK) Limited.

The immediate parent of the Company as at 31 December 2020 was Pepper Europe Investments UK Limited, a company registered in United Kingdom. The ultimate parent company as at 31 December 2020 was Red Hot Australia Holdco Pty Limited ("HoldCo"), a company registered in Australia. HoldCo is classified as an investment entity and therefore does not prepare consolidated financial accounts. Pepper Group Pty Limited prepares consolidated group financial statements and copies can be obtained from Level 27, 177 Pacific Highway, North Sydney, New South Wales 2060, Australia. Pepper Group Pty Limited is the largest and smallest group into which the Company is consolidated.

On 30 March 2021, the immediate holding company of the Company changed from Pepper Europe Investments UK Limited to Pepper Global MidCo Limited (incorporated in Jersey). The ultimate holding company of the Company changed from HoldCo to Pepper Global TopCo Limited (incorporated in Jersey). Refer to Note 10 and 12 for further details on events after the reporting period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

Any changes to assumptions may have a significant impact on the financial statements for the year over which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements, therefore, present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

**Changes in accounting policies**

**a) New standards, interpretations and amendments effective from 1 January 2020**

There have been no new accounting standards implemented during the financial year which have impacted the Company's financial statements.

**b) New standards, interpretations and amendments not yet effective**

The following amendments to standards and interpretations are effective for future accounting periods but are not expected to have significant impact on the Company's financial statements:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Effective 1 January 2022.
- Amendment to IAS1 Classification of Liabilities as Current or Non-Current – Effective 1 January 2023
- Amendments to IAS16 Property, Plant and Equipment – Proceeds before Intended Use – Effective 1 January 2023
- Amendments to IAS37 Onerous Contracts – costs of fulfilling a contract - Effective 1 January 2022
- Annual Improvements to IFRSs: 2018-2020 Cycle: effective for annual reporting periods beginning on or after 1 January 2022

There have been no other new or amended accounting standards during the reporting period ended 31 December 2020 that have had or may have a significant impact on the financial results of the Company.

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Notes to the Financial Statements (continued)**

**3 Summary of significant accounting policies (continued)**

**Investment in subsidiaries**

The investments in subsidiaries are all stated at cost less impairment (the lower of cost and net realisable value, see 'impairment' below).

**Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Investments are reviewed for impairment annually. For the purposes of impairment testing, management use their judgement while reviewing the business plans of each subsidiary to determine whether there is a potential impairment on the recognised carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior reporting periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**4 Critical accounting judgments and key sources of estimation uncertainty**

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the financial statements. The Company determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial period. All estimates and assumptions required in conformity with IFRSs are best estimates undertaken in accordance with the applicable standard.

There are no critical accounting judgments or key sources of estimation uncertainty during the period and at the period-end date that have a significant effect on the amounts of assets and liabilities within the next financial year.

**5 Administrative expenses**

The following items have been included in arriving at profit for the period:

	2020	2019
	£	£
Other expenses	-	-
	<u>-</u>	<u>-</u>

£8,900 auditor's remuneration has been borne by Pepper Europe (UK) Limited, a group company. The Company did not have any employees in the current period or prior period. The directors did not receive any remuneration in respect of their services as directors of the Company as no qualifying services were provided.

**PEPPER EUROPEAN SERVICING LIMITED**

Company Number: 06549766

For the year ended 31 December 2020

**Notes to the Financial Statements (continued)****6 Taxation**

	2020 £	2019 £
<b>Income tax recognised in profit or loss</b>		
Current year tax	-	-
Adjustment to previous years	-	-
<b>Total income tax charge</b>	-	-

The March 2021 UK Budget announced that the 19% rate of corporation tax will continue until April 2023, when it will be increased to 25%. No impact on the current period tax balances have been identified as a result of this announcement.

**7 Investment in subsidiaries**

	2020 £	2019 £
<b>Investments in group undertakings recorded at cost:</b>		
Investments at the beginning of the period	180,000	180,000
Investments made during the period	-	-
Investments disposal during the period	-	-
<b>End of period</b>	180,000	180,000

Details of the Company's investments in subsidiaries at the end of the reporting period are set out below.

	2020 £	2019 £
Pepper (UK) Limited	179,900	179,900
Pepper Group ANZ Holdco Limited	100	100
<b>End of year</b>	180,000	180,000

In the opinion of the directors the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Name	Place of incorporation	Registered office	Ordinary shares held %	Voting power held %
Pepper (UK) Limited	England and Wales	Harman House, George Street, Uxbridge, England, UB8 1QQ	100%	100%
Pepper Group ANZ Holdco Limited	England and Wales	Harman House, George Street, Uxbridge, England, UB8 1QQ	100%	100%

A dividend of £2,400,000 was received during current year (2019: £nil) from Pepper (UK) Limited, it was then distributed to Pepper Europe Investments UK Limited, the immediate parent of the Company.

**8 Called up share capital**

	2020 £	2019 £
<b>Authorised, Allotted, called up and fully paid</b>		
Ordinary A shares of £1 each	3,600	3,600
Ordinary B shares of £1 each	250	250
	3,850	3,850



**PEPPER EUROPEAN SERVICING LIMITED**

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**Notes to the Financial Statements (continued)****9 Share premium account**

	2020 £	2019 £
Balance at the beginning of the period	169,400	169,400
Movement in the year	-	-
<b>End of period</b>	<b>169,400</b>	<b>169,400</b>

**10 Ultimate controlling party**

As at 31 December 2020, the Company was a subsidiary undertaking of Pepper Europe Investments UK Limited, a company registered in United Kingdom.

As at 31 December 2020, the ultimate parent company was HoldCo, a company registered in Australia. HoldCo is the ultimate parent because no other entity has a controlling ownership of HoldCo. HoldCo is classified as an investment entity and therefore does not prepare consolidated accounts. Pepper Group Limited prepares group financial statements and copies can be obtained from Level 27, 177 Pacific Highway, North Sydney, New South Wales 2060, Australia. Pepper Group Pty Limited is the largest and smallest group into which the Company is consolidated.

On 30 March 2021, the immediate holding company of the Company changed from Pepper Europe Investments UK Limited to Pepper Global MidCo Limited (incorporated in Jersey). The ultimate holding company of the Company changed from HoldCo to Pepper Global TopCo Limited (incorporated in Jersey). Refer to Note 12 for further details on events after the reporting period.

**11 Related party transactions**

During the period, A dividend of £2,400,000 was received during current year (2019: £nil) from Pepper (UK) Limited, it was then distributed to Pepper Europe Investments UK Limited, the immediate parent of the Company. The Company did not enter into any other transactions with related parties in the ordinary course of business.

There are no transactions with key management personnel during the period.

**12 Events after the reporting period**Ultimate group internal restructure

During March 2021 Red Hot Australia Holdco Pty Limited (Holdco), the Company's ultimate holding company at 31 December 2020, and its subsidiaries (collectively the Pepper Group) undertook a corporate restructure.

As part of the restructure, a new foreign holding company (Pepper Global Topco Ltd – Topco, incorporated in Jersey) was established and substantially all Holdco shareholders exchanged Holdco shares for Topco shares, no cash consideration was paid. Therefore, the ultimate holding company of the Company changed from Holdco to Topco.

During the restructure, the Company sold 100% of the ordinary shares held in the Pepper Group ANZ Holdco Limited to Pepper Global Midco Limited (Midco - incorporated in Jersey). The immediate holding company Pepper Europe Investments UK Limited (PEIUK) then sold 100% of the ordinary shares held in the Company to Midco for a non-cash consideration of AU\$104.4m. Therefore, after the restructure Midco became the immediate holding company of the Company.

The Company then acquired 100% of the shares in:

- Pepper Italian investments Limited, Pepper Ireland Finance Holdings Limited (an entity that directly owns 100% of the shares in Pepper Finance Corporation (Ireland) DAC and indirectly 100% of the shares in Pepper Finance (H73) Limited), Pepper Cyprus Holdings Limited (an entity that directly owns 100% of the shares in Pepper Cyprus Limited and indirectly 100% of the shares in Pepper Greece SA, Pepper Hellas SA, and Avent IKE) from Pepper Europe (UK) Limited for a total of AU\$149.6m non-cash consideration, and Pepper Spanish Servicing SLU from for a non-cash consideration of AU\$18.8m.

The group of entities above are collectively referred to as Pepper European Servicing, a loan servicing business operating in Europe.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.