

Company Registration No. 07546566

PEEL INVESTMENTS (LAND AND PROPERTY)  
NO. 1 LIMITED

ANNUAL REPORT AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

FRIDAY



A26      \*A6LCY937\*      #377  
15/12/2017  
COMPANIES HOUSE

## Contents

Directors, Professional Advisers and Registered Office.....	2
Strategic Report .....	3
Report of the Directors.....	7
Independent Auditor's Report.....	9
Group Profit and Loss Account .....	11
Group Statement of Total Comprehensive Income .....	12
Balance Sheets .....	13
Group Statement of Changes in Equity .....	14
Company Statement of Changes in Equity .....	14
Group Cash Flow Statement .....	15
Notes to the Financial Statements.....	16

## Directors, Professional Advisers and Registered Office

**Directors:** John Whittaker  
Steven Underwood, A.C.A.  
Paul P. Wainscott, A.C.I.S.  
Neil Lees, A.C.I.S.  
Peter Hosker, L.L.B  
Mark Whittaker A.R.I.C.S.  
John Schofield A.C.A.

---

**Secretary:** Neil Lees, A.C.I.S.

---

**Registered Office  
and Head Office:** Peel Dome  
Intu Trafford Centre  
Traffordcity  
Manchester  
M17 8PL

---

**Registered Number:** 07546566

---

**Auditor:** Deloitte LLP  
Statutory Auditor  
Manchester  
United Kingdom

---

**Bankers:** Aviva Commercial Finance Limited  
Lloyds TSB Bank plc

---

**Property Valuers:** Jones Lang LaSalle

---

## Strategic Report for the year ended 31 March 2017

The directors submit their strategic report of the Peel Investments (Land and Property) No.1 Limited group for the year ended 31 March 2017.

### Principal activities

The principal activities of the group are property investment, property development and trading.

The subsidiary undertakings of the group in the year are listed in note 10 to the financial statements.

### Review of business, future developments and prospects

The principal strategies of the Peel Investments (Land and Property) No. 1 Limited group (the 'group') continue to be to increase the net asset value and rental income of the land and property asset portfolio and to generate positive cash flow for reinvestment and continual asset growth.

The following key performance indicators, most of which can be derived directly from the financial statements, are used by the directors on a monthly basis to review the performance of the business:

	2017	2016
	£'000	£'000
Annualised Rent Roll	19,865	19,235
Surplus on revaluation of investment property	5,820	9,009
Operating Profit	19,716	22,970
Cash receipts from property sales	211	35
Capital expenditure	782	112
Net debt	182,506	185,273
Overall Loan to Value	58.1%	58.8%
Shareholders' Funds	117,351	110,726

Annualised rent is the gross property rent receivable on a cash basis as at the reporting date.

Underlying trading is comparable and the decrease in operating profit reflects a smaller upward revaluation of investment property.

The group is wholly owned by the Peel Holdings Land and Property (UK) Limited group of companies which as stated in its Strategic Report is comprised of several underlying businesses which are managed by the directors in accordance with either the geographic location of the assets owned or the nature of the asset class. The assets of this group largely fall into the Liverpool Waters, Wirral Waters, and Chatham Waters businesses, as well as land and property which falls within the MediaCityUK strategic area and finally this Group also has an interest in more than one of the Peel Holdings Land and Property (UK) Limited group's retail parks. Further information on some of these wider businesses is given below:

#### Liverpool Waters

In September 2013, planning permission granted for approximately 20m sq.ft. of mixed use floor space over 150 acres most within the Mersey Waters Enterprise Zone and part within a World Heritage Site. The consent is for 32 years and is the largest project of its type in the UK to ever be given consent without a public inquiry. Liverpool Waters's consists of over 100 buildings to transform the derelict part of the docks into a world class, high quality, mixed-use waterfront quarter in central Liverpool. It is the largest port-city development in single ownership in Europe and will have an investment value exceeding £5 billion.

Negotiations are well progressed for the following:

- approximately 900 apartments over 5 buildings which are at either pre-application, in for planning, or permission granted stage and all expected to be contractually complete in the year to 31 March 2018 with starts on site anticipated early 2019;
- dilapidated timber jetty and adjoining land for replacement Cruise Liner Terminal;
- replacement Isle of Man Ferry Terminal; and
- Football Stadium at Bramley Moore Dock.

An agreement has also been secured with Liverpool City Council for them to construct and pay for two roads into Liverpool Waters which will significantly benefit the scheme.

## Strategic Report *continued*

### *Liverpool Waters continued*

Cash inflow by the end of this year anticipated to be approximately £8m and by the end of next year £33m. The new marketing strategy is to raise the profile of Liverpool Waters with focused branding drawn from live projects/sectors outlined above to attract investors, partners, purchasers and tenants nationally and internationally alongside securing public sector contributions for infrastructure and decontamination solutions.

The Group has now identified an “8 building plots phase” in the Central Docks South neighbourhood for development that has a consented total floor area of over 2m sq.ft.

Interest already expressed by external parties whilst launching at Marché International des Professionnels de L’immobilier and internally for Hotel(s) and a second Regenda residential building.

The Group are masterplanning the 4 most northern docks to accommodate a football stadium and create a floating building colony in Nelson Dock and redistribute some of the former Bramley Moore Dock residential into the Central Docks North and South masterplans around the perimeter of the proposed public park boundary.

As part of the “legacy of events/profile raising strategy” we will have over 100,000 people attending various events in the Central Docks neighbourhood this year.

### *Wirral Waters*

Planning permission was granted for the Wirral Waters project in May 2012. This is the largest planning permission in the UK by consented floor area. Wirral Waters forms part of the Mersey Waters Enterprise Zone and has also secured Housing Zone status via The Department for Communities and Local Government. Wirral Waters is the only scheme with both designations.

Since receiving planning permission, the Wirral Waters strategy has been to:

- lever in public sector investment into the project;
- to prepare and remediate key sites (circa 60 acres remediated);
- to facilitate the investment in supporting infrastructure;
- to create ‘oven ready’ development parcels; and
- to bring forward a number of part publically funded building projects that catalyse the delivery of Wirral Waters.

The strategy has been successful in not only recalibrating Wirral Waters but also in leveraging in public investment of over £15m including: ERDF funding for the remediation of West Float; Local Infrastructure Funding via the HCA for the remediation of the Mobil and Tower Road South sites; of Setting the Scene for Growth funding for environmental improvements (via BEIS and the Forestry Commission); STEP funding for environmental improvements and funding (via the Skills Funding Agency) for Wirral Metropolitan College. Funding applications for over £13m are also running for Tower Road, Maritime Knowledge Hub, Tower Road South office, the Mobil Skills Factory with the Manufacturing Technology Centre.

The Wirral Metropolitan Construction College (38,000 sq. ft.) was completed in September 2015 with 300 students benefitting from work experience ‘building their own College’. On adjoining land The Tower Wharf office building (40,000 sq. ft.) for The Contact Company was completed in November 2015 and forms part of a deliverable pipeline of projects that has now emerged clustered at the West Float and at Four Bridges neighbourhood areas. These include: the 1m sq. ft. ‘MEA Park’ campus; the Maritime Knowledge Hub; a pop-up amenity ‘village’ at Egerton Square; a 30,000 sq. ft. office at Tower Road South; and 3 residential projects at Northbank.

Based on the ‘live’ projects a TIF-style (Tax Increment Fund) investment fund (the Wirral Waters Investment Fund) has now been set up utilising the Enterprise Zone designation. This fund addresses any viability gaps necessary to facilitate emerging projects including MEA Park phase 2, Egerton Square and remediation at Northbank.

The group is working collaboratively with stakeholders including The Department for Communities, The Department for Innovations and Skills and the Local Enterprise Partnership to enable further activity in Wirral Waters.

The group’s management team continues to drive down void rates within the existing built estate portfolio by maximising occupancy.

Properties at Wirral Waters were valued at £89.0m at 31 March 2017 (2016: £81.0m).

## Strategic Report *continued*

### *Chatham Waters*

The Chatham Waters scheme is a development of the Chatham Docks in Medway, Kent and will provide an employment-led mixed use redevelopment of 26 acres of brownfield land comprising approximately 1.9m sq. ft. of offices, leisure, retail and residential uses.

The scheme will provide economic, social and environmental regeneration in the Medway area and supports Medway Council's objectives in its Local Development Framework. The scheme was granted planning permission in 2012 and in June 2015 the first phase was completed comprising a 73,000 sq. ft. supermarket and a 60,000 sq. ft. University Technical College along with significant infrastructure and environmental improvements.

A planning application has recently been approved for a Marstons family restaurant and pub, which is currently being built and is expected to open in October 2017. Plans are currently being drawn up for two residential phases that include a 200 apartment institutional led Private Rental Scheme and approximately 185 unit Open Market Apartment development to be delivered by one of our residential developer partners.

### **Results, financial performance and dividends**

The group's results and financial position are set out in the profit and loss account and balance sheets on pages 11 to 13.

Turnover for the year totalled £22,052,000 (2016: £21,005,000).

Operating profit for the year was £19,716,000 (2016: £22,970,000).

Loss on disposal of fixed assets was £3,000 (2016: £2,000).

The directors do not declare payment of a final dividend (2016: same).

## Strategic Report *continued*

### Risks and uncertainties

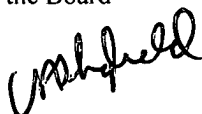
Peel Holdings Land and Property (UK) Limited, of which Peel Investments (Land & Property) No. 1 Limited group is a subsidiary, manages its operations on a divisional basis. The risks and uncertainties below relate to Peel Holdings Land and Property (UK) Limited group.

The principal aim of the group is to maximise long term returns whilst minimising risks. Responsibility for management of each key risk is clearly identified and delegated by the directors to specific senior staff within the group. The directors consider the following to be the major items of risk affecting the group:

- economic cycles, including impact on tenant covenant quality. This risk is mitigated by a large and diversified customer base and strong relationships with tenants;
- interest rates and their impact on property values. This risk is mitigated by a large multi-asset portfolio;
- potential impact of adverse changes in property values on the group's ability to comply with its banking covenants in the future. This risk is mitigated by a large multi-asset portfolio;
- the demand for commercial and residential property and the availability of funding from prospective buyers. This risk is mitigated by long leases;
- some variable rate debt is not fixed via interest rate swaps, leaving the group with exposure to interest rate fluctuations;
- as part of normal trading operations, the group invests cash on short-term deposits with certain major UK banks. The group is therefore exposed to the risk of a decline in the credit worthiness of one or more of those banks. The group mitigates its exposure to this risk by monitoring closely the economic environment and by ensuring that cash amounts are at all times invested with more than one bank; and
- government policy may change causing potential planning applications to be rejected. The group mitigates this risk by constantly assessing changes of policies in the forthcoming 12 months.

Following the future departure of the UK from the EU the impact on the above is uncertain and will be monitored closely.

On behalf of the Board



John Schofield A.C.A.

*Director*

26 September 2017

## Report of the Directors *for the year ended 31 March 2017*

The directors submit their annual report together with the audited financial statements of the group for the year ended 31 March 2017.

### **Directors**

The directors who have held office during the financial year and thereafter are:

John Whittaker  
Steven Underwood, A.C.A.  
Paul P. Wainscott, A.C.I.S.  
Neil Lees, A.C.I.S.  
Peter Hosker, L.L.B.  
Mark Whittaker A.R.I.C.S.  
John Schofield A.C.A.

### **Dividends**

The directors do not recommend the payment of a final dividend (2016: same)

### **Going concern**

The directors have concluded, after making enquiries, they have a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Report of the Directors *for the year ended 31 March 2017*

### **Political and charitable contributions**

During the financial year, contributions by the group for charitable purposes totalled £nil (2016: £nil). The group made no political contributions during the financial year (2016: same).

### **Employee involvement and health and safety at work**

Regular meetings are held involving directors, managers and supervisory staff to convey information about the business. During the year, the company has provided training for employees at all levels through a structured programme of courses, seminars and workshops.

The policy of the group is to ensure, in so far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its activities.

### **Employment of disabled persons**

It is the policy of the group to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other group employees and if necessary, retraining is given to an employee who becomes disabled whilst in the group's employment.

### **Environment**

The group is conscious of the impact of its operations on the environment. Necessary attention is given to environmental issues particularly when developing new projects, refurbishing existing properties and on possible acquisitions. Design consultants are encouraged to promote good environmental performance with consideration given to environmental risk, energy consumption, the use of environmentally friendly materials and the avoidance of materials hazardous to health.

### **Auditor and the disclosure of information to the auditor**

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

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

On behalf of the Board



John Schofield A.C.A.

Director

26 September 2017

## Independent Auditor's Report to the members of Peel Investments (Land & Property) No. 1 Limited

We have audited the financial statements of Peel Investments (Land & Property) No. 1 Limited for the year ended 31 March 2017 which comprise the group profit and loss account, the group statement of total comprehensive income, the group and holding company balance sheets, the group and holding company statements of changes in equity, the group cash flow statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 7, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and holding company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and the parent company as at 31 March 2017 and of the group profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

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

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


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

Independent Auditor's Report to the members of Peel Investments (Land & Property) No. 1 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Rachel Argyle (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
26 September 2017

Group Profit and Loss Account *for the year ended 31 March 2017*

	Note	2017 £'000	2016 £'000
<b>Turnover</b>	2	22,052	21,005
<b>Group operating profit:</b>			
Surplus on revaluation of investment properties	2	5,820	9,009
Other operating profit	2	13,896	13,961
<b>Total operating profit</b>	2	19,716	22,970
Loss on disposal of fixed assets	3	(3)	(2)
<b>Profit on ordinary activities before interest and taxation</b>	4	19,713	22,968
Net interest payable and similar charges	5	(12,598)	(12,699)
<b>Profit on ordinary activities before taxation</b>		7,115	10,269
Tax on profit on ordinary activities	7	(17)	(87)
<b>Profit for the financial year</b>		7,098	10,182

All the above results derive from continuing activities.

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

**Group Statement of Total Comprehensive Income**  
*for the year ended 31 March 2017*

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	7,098	10,182
Unrealised net surplus on revaluation of operational buildings	510	3,939
Tax on revaluation of operational buildings	(983)	-
Other comprehensive (expense)/income for the financial year	(473)	3,939
<b>Total comprehensive income for the year</b>	<b>6,625</b>	<b>14,121</b>

Balance Sheets *as at 31 March 2017*

		<b>Group</b>	<b>Group</b>	<b>Holding</b>	<b>Holding</b>
		<b>2017</b>	<b>2016</b>	<b>Company</b>	<b>Company</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Tangible assets					
Investment properties	8	296,875	289,740	-	-
Other fixed assets	9	25,500	25,500	-	-
Investments	10	-	-	84,896	84,896
		322,375	315,240	84,896	84,896
<b>Current assets</b>					
Debtors	11	7,192	13,686	153,256	165,018
Cash at bank and in hand	14(a)	4,898	4,093	2,941	1,002
		12,090	17,779	156,197	166,020
<b>Creditors (amounts falling due within one year)</b>	12	(24,339)	(27,388)	(40,555)	(35,849)
<b>Net current (liabilities)/assets</b>		(12,249)	(9,609)	115,642	130,171
<b>Total assets less current liabilities</b>		310,126	305,631	200,538	215,067
<b>Creditors (amounts falling due after more than one year)</b>	13	(185,094)	(187,118)	(185,094)	(187,118)
<b>Provisions for liabilities</b>	15	(7,681)	(7,787)	-	-
<b>Net assets</b>		117,351	110,726	15,444	27,949
<b>Capital and reserves</b>					
Called-up share capital	17	71,470	71,470	71,470	71,470
Share premium		7,955	7,955	7,955	7,955
Revaluation reserve		4,877	5,449	-	-
Merger reserve		15,787	15,787	-	-
Profit and loss account		17,262	10,065	(63,981)	(51,476)
<b>Shareholders' funds</b>		117,351	110,726	15,444	27,949

The loss for the financial year dealt with in the financial statements of the parent company was £12,505,000 (2016: £13,353,000).

The financial statements for Peel Investments (Land and Property) No. 1 Limited, company number 07546566, were approved by the directors and authorised for issue on 26 September 2017.



John Schofield A.C.A.  
Director

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

Group Statement of Changes in Equity *for the year ended 31 March 2017*

	Called-up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2015	71,470	7,955	1,537	15,787	(144)	96,605
Profit for the financial year	-	-	-	-	10,182	10,182
Unrealised surplus on revaluation of operational buildings	-	-	3,939	-	-	3,939
Total comprehensive income	-	-	3,939	-	10,182	14,121
Depreciation written back	-	-	(27)	-	27	-
At 31 March 2016	71,470	7,955	5,449	15,787	10,065	110,726
Profit for the financial year	-	-	-	-	7,098	7,098
Other comprehensive income	-	-	(473)	-	-	(473)
Total comprehensive income	-	-	(473)	-	7,098	6,625
Depreciation written back	-	-	(99)	-	99	-
At 31 March 2017	71,470	7,955	4,877	15,787	17,262	117,351

Company Statement of Changes in Equity *for the year ended 31 March 2017*

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2015	71,470	7,955	(38,123)	41,302
Loss and other comprehensive expense for the financial year	-	-	(13,353)	(13,353)
At 31 March 2016	71,470	7,955	(51,476)	27,949
Loss and other comprehensive expense for the financial year	-	-	(12,505)	(12,505)
At 31 March 2017	71,470	7,955	(63,981)	15,444

Group Cash Flow Statement *for the year ended 31 March 2017*

	Note	2017 £'000	2016 £'000
<b>Net cash inflow from operating activities</b>	18	16,131	12,807
<b>Cash flows from investing activities</b>			
Payments to acquire investment property		(729)	(112)
Receipts from sales of other fixed assets		(3)	358
Interest received		11	23
<b>Net cash flow from investing activities</b>		(721)	269
<b>Cash flows from financing activities</b>			
Interest paid (including capitalised)		(12,643)	(12,746)
Movements in restricted cash		(2,295)	3,784
Loans repaid		(1,888)	(1,749)
<b>Net cash flows from financing activities</b>		(16,826)	(10,711)
<b>(Decrease)/increase in cash in the year</b>		(1,416)	2,365
Cash at beginning of year		3,373	1,008
<b>Cash at end of year</b>		1,957	3,373
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank		1,957	3,447
Overdrafts		-	(74)
		1,957	3,373
Restricted cash		2,941	646
<b>Total cash</b>		4,898	4,019

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



## Notes to the Financial Statements

### 1. Accounting policies

The principal accounting policies are summarised below. The policies have been applied consistently throughout the year and the preceding year. The principal activities and operations of the group and its subsidiaries are set out in the strategic report on pages 3 to 6.

### Company information

Peel Investments (Land and Property) No. 1 Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England & Wales with company registration number 07546566. The registered office is Peel Dome, Intu Trafford Centre, Traffordcity, Manchester M17 8PL.

### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and investments, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council other than in respect of group reconstruction accounting in the circumstances referred to below.

The functional currency of the group and company is considered to be pound sterling, because that is the currency of the primary economic environment in which the group and company operates. The financial statements are rounded to the nearest £000's

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, Peel Holdings Land and Property (UK) Limited, which may be obtained at Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL. Exemptions have been taken in these separate company financial statements in relation to disclosures surrounding financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

### Going concern

The directors have received confirmation that Peel Holdings Land and Property (UK) Limited ("Peel"), the group's holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. In considering the ability of Peel to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Peel's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

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

### Group financial statements

The group financial statements consolidate the financial statements of the holding company and its subsidiary undertakings made up to 31 March each year.

The financial statements have been prepared using merger accounting principles (applicable for group reconstructions) set out in FRS 102 Section 19 in order to meet the overriding requirement under section 404 of the Companies Act 2006 for financial statements to present a true and fair view following mergers. Under merger accounting the results of the subsidiaries are combined from the beginning of the comparative financial period before the merger occurred. Profit and loss account and balance sheet comparatives are restated on a combined basis and adjustments are made to achieve consistency of accounting policies.

Where a relevant transaction does not meet one of the conditions for merger accounting under the Companies Act 2006, namely that the fair value of any non-equity consideration must not exceed 10% of the nominal value of equity shares issued, the directors consider that the alternative approach of acquisition accounting would not give a true and fair view of the group's results and financial position. Acquisition accounting involves the restatement of separable assets and liabilities to fair values, and inclusion of post-reorganisation results only. The substance of the transaction was not the acquisition of a business but a group reconstruction under which a new holding company has been established. The directors consider that it is not practicable to quantify the effect of this departure from the Companies Act 2006 requirements.

## Notes to the Financial Statements *continued*

### 1. Accounting policies *continued*

#### **Group financial statements *continued***

All other subsidiaries are consolidated under acquisition accounting principles. Results of subsidiary undertakings acquired or disposed of during the year are included from the date of acquisition or to the date of disposal to the extent of group ownership.

The separable net assets of subsidiary undertakings acquired are included in the group financial statements at their fair value to the group at the date of acquisition including provisions and liabilities taken into consideration in assessing the fair value of the business acquired.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account for the holding company is not presented.

#### **Investment properties**

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

Properties in the course of development or practically completed but not substantially let are included in the balance sheet at cost subject to provisions if the directors consider it prudent having regard to the prevailing market conditions. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

Investment property sales are recognised upon unconditional exchange.

#### **Other fixed assets**

Other fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all other fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Plant and vehicles are depreciated by equal annual instalments over their expected useful lives at rates varying between 4% and 33% per annum.

Individual freehold and leasehold properties other than investment properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

#### **Fixed asset investments**

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. Cost represents the aggregate cash consideration, costs incurred and either the fair or the nominal value of shares issued.

## Notes to the Financial Statements *continued*

### 1. Accounting policies *continued*

#### **Taxation**

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

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

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

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

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

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

#### **Turnover**

Property rental income and the appropriate allocation of rental premiums are accounted for on an accruals basis and are recognised on a straight line basis over the lease term. The total turnover of the group has been derived from its principal activity wholly undertaken in the UK.

Turnover excludes sales related taxes.

#### **Leased assets - group as lessee**

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

## Notes to the Financial Statements *continued*

### 1. Accounting Policies *continued*

#### **Leased assets – group as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### **Government grants**

Government grants received in respect of operational fixed assets are credited to a deferred income account and released to the profit and loss account over the useful economic life of the asset to which they relate.

Grants receivable in respect of investment properties are credited directly to the cost of the asset. This treatment is not in accordance with the Statutory Accounting Rules which requires fixed assets to be shown at cost and grants as deferred income. The treatment has been adopted in accordance with section 404 of the Companies Act 2006 in order to show a true and fair view as, in the opinion of the directors, it is not appropriate to treat grants on investment properties as deferred income. Investment properties are not depreciated and accordingly no basis exists on which to recognise the release of deferred income to the profit and loss account. Where grants received in respect of investment properties may be repayable, they are accounted for in a manner consistent with that adopted for operational fixed assets.

#### **Bank borrowings**

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### **Finance Costs**

Interest directly attributable to both investment and trading properties in the course of development and other fixed assets as included in the cost thereof. Interest is capitalised on a sample interest basis without allowing for any tax relief thereon.

Issue costs associated with borrowings are charged to the profit and loss account over the term of the borrowings and represent a constant proportion of the balance of capital repayments outstanding. Accrued finance costs attributable to borrowing where the maturity date of issue is less than 12 months are included in accrued charges within current liabilities. For all borrowings accrued finance charges and issue costs are added to the carrying value of those borrowings.

#### **Other fixed assets**

A key source of estimation and uncertainty relates to the valuation of other fixed assets, where a valuation is obtained annually, as at 31 March, either by professionally qualified external valuers, or by the company's own internal qualified staff. The evidence to support these valuations is primarily on recent, comparable market transactions at an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty. Valuations are one of the principal uncertainties of the company.

## Notes to the Financial Statements *continued*

### 1. Accounting Policies *continued*

#### **Impairment of Financial Assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying amount value had no impairment been recognised.

#### **Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

#### **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### **Critical judgements in applying the group's accounting policies**

The directors do not consider there to be any critical accounting judgements that must be applied.

#### **Key sources of estimation uncertainty**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

#### **Investment properties**

A key source of estimation and uncertainty relates to the valuation of investment properties, where a valuation is obtained annually, as at 31 March, either by professionally qualified external valuers, or by the group's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty. The carrying value of investment properties is described in note 8.

#### **Other fixed assets**

A key source of estimation and uncertainty relates to the valuation of other fixed assets, where a valuation is obtained annually, as at 31 March, either by professionally qualified external valuers, or by the company's own internal qualified staff. The evidence to support these valuations is primarily on recent, comparable market transactions at an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty. Valuations are one of the principal uncertainties of the company. The carrying value of other fixed assets can be found in note 11.

Notes to the Financial Statements *continued***2. Segmental analysis of turnover and operating profit**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
<b>Turnover</b>		
Gross rental income	22,052	21,005
<b>Direct costs</b>	<b>(4,454)</b>	<b>(3,120)</b>
<b>Gross profit</b>	<b>17,598</b>	<b>17,885</b>
Other operating income	1,070	210
Other administrative expenses	(4,772)	(4,134)
Surplus on revaluation of investment properties	5,820	9,009
<b>Operating profit</b>	<b>19,716</b>	<b>22,970</b>

All of the group's turnover during the financial year and net assets at the year end arose in the United Kingdom.

**3. Loss on disposal of fixed assets**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Investment properties	(3)	(2)

**4. Profit on ordinary activities before interest and taxation**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Profit on ordinary activities before interest and taxation is stated after charging/(crediting):		
Surplus on revaluation of investment properties	(5,820)	(9,009)
Depreciation	510	439

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Fees payable to the company's auditor for the audit of the company's annual accounts	11	10
Audit of the company's subsidiaries financial statements pursuant to legislation	37	36
Total audit fees	48	46
Tax services	45	76
VAT services	-	-
Total non-audit fees	45	76

Notes to the Financial Statements *continued*

**5. Net interest payable and similar charges**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Interest payable and similar charges:		
On bank loans and overdrafts	12,592	12,738
On amounts owed to group undertakings	16	-
Other interest payable	1	8
	12,609	12,746
Interest receivable and similar income:		
Bank interest receivable	(4)	-
Other interest receivable	(7)	(23)
On amounts owed by group undertakings	-	(24)
Net interest payable and similar charges	12,598	12,699

**6. Particulars of staff**

There were no employees during the year or previous year apart from the directors. No directors received any remuneration for their services to the group (2016: same).

**Key management personnel**

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	<b>2017 £'000</b>	<b>2016 £'000</b>
Salaries and other short-term benefits	2,578	2,174
Group contribution to defined contribution pension schemes	43	191
Total	2,621	2,365

These employees were paid by fellow subsidiary Peel Management Limited.

Notes to the Financial Statements *continued***7. Tax on profit on ordinary activities**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Current tax:		
Payments in respect of group relief	1,319	705
Adjustment in respect of prior years	(213)	1,755
Total current tax charge	1,106	2,460
Deferred tax:		
Origination and reversal of timing differences	(671)	(1,459)
Rate change	(433)	(1,027)
Adjustment in respect of prior years	15	113
Total deferred tax (note 15)	(1,089)	(2,373)
Total tax charge on profit on ordinary activities	17	87

## Reconciliation of total tax charge:

Profit on ordinary activities before taxation	7,115	10,269
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2016: 20%)	1,423	2,054
Excess of taxable profits over book profits on sale of investment properties		-
Net disallowable expenditure	38	130
Prior period adjustments	(198)	1,868
Change in recognition of deferred tax relating to investment property	(811)	(2,973)
Difference in tax rate on current year deferred tax	(2)	35
Deferred tax effect of changes in statutory tax rates	(433)	(1,027)
Total tax charge	17	87

The standard rate of tax applied to the reported profit is 20% (2016: 20%)



# Notes to the Financial Statements *continued*

## 8. Investment properties

	Group		
	Freehold £'000	Leasehold £'000	Total £'000
<b>Cost or valuation:</b>			
At 1 April 2016	284,640	5,100	289,740
Additions	677	52	729
Lease incentives	586	-	586
Revaluations	5,722	98	5,820
At 31 March 2017	291,625	5,250	296,875

The historical cost to the group of all investment properties is £282,046,000 (2016: £280,731,000).

### Valuations

All of the group's investment properties were professionally valued on a red book basis during the year by Jones Lang LaSalle, International Property Consultants, on the basis of open market value as at 31 March 2017.

There has been no capitalised interest in relation to investment properties.

## 9. Other fixed assets

	Operational buildings £'000
<b>Cost or valuation:</b>	
At 1 April 2016 and 31 March 2017	25,500
<b>Depreciation:</b>	
At 1 April 2016	-
Charge for the financial year	510
Revaluation	(510)
At 31 March 2017	-
<b>Net Book Value:</b>	
At 31 March 2016 and 31 March 2017	25,500

The historical cost to the group of all operational buildings is £20,600,000 (2016: £20,600,000).

### Valuations

All of the group's operating buildings were professionally valued on a red book basis during the year by Jones Lang LaSalle, International Property Consultants, on the basis of open market value as at 31 March 2017.

There has been no capitalised interest in relation to operating buildings.

Notes to the Financial Statements *continued***10. Investments**

	<b>Holding Company £'000</b>
<b>Shares in subsidiary undertakings:</b>	
At 1 April 2016 and 31 March 2017	84,896

**Subsidiary undertakings**

The trading subsidiary undertakings consolidated as at 31 March 2017, all of which were wholly owned ordinary shares were as follows:

<b>Incorporated</b>	<b>Company</b>	<b>Principal activities</b>
England & Wales	Peel Land and Property (Ports No.3) Limited	Property investment
Scotland	Clydeport Properties Limited	Property investment and development
England & Wales	Woodside Business Park Limited	Property investment
England & Wales	Mersey Docks Property Holdings Limited	Property investment
England & Wales	Mersey Docks Property Investments Limited	Property investment
Northern Ireland	Princes Dock Development Company No.4 Limited	Property investment
England & Wales	Princes Dock Office No.8 Limited	Property investment
England & Wales	Princes Dock Office No.9 Limited	Property investment
England & Wales	Princes Dock Office No.12 Limited	Property investment
England & Wales	Princes Dock Hotel Limited	Property investment
England & Wales	Peel Land and Property Holdings (CL) Limited	Holding company
England & Wales	Peel Land and Property Investments (CL) Limited	Holding company
England & Wales	Reddington Holdings Limited	Holding company
England & Wales	Reddington Developments Limited	Property investment and development
England & Wales	Reddington Finance Limited	Property investment and development
England & Wales	Mersey Docks Property Developments Limited	Property investment and development
England & Wales	Peel Property (Investments) Limited	Holding company

All the subsidiaries above incorporated in England and Wales have the registered office Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL.

All the subsidiaries above incorporated in Scotland have the registered office 16 Robertson Street, Glasgow, G2 8DS.

All the subsidiaries above incorporated in Northern Ireland have the registered office Royston House, 34 Upper Queen Street, Belfast, BT1 6FD.

**11. Debtors**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>Holding Company 2017 £'000</b>	<b>Holding Company 2016 £'000</b>
Trade debtors	2,479	2,626	-	-
Amounts owed by group undertakings	2,726	679	153,128	164,774
Other debtors	1,666	9,948	128	109
Prepayments and accrued income	321	442	-	135
	7,192	13,686	153,256	165,018

Amounts receivable from parent and subsidiary companies carry interest of 1.5% above base rate (2016: 1.5%) per annum charged on the outstanding loan balance and are repayable on demand.

Notes to the Financial Statements *continued***12. Creditors** (amounts falling due within one year)

	Group	Group	Holding Company	Holding Company
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Secured bank loan	2,310	2,174	2,310	2,168
Bank overdraft	-	74	-	-
Trade creditors	1,037	809	2,597	-
Amounts owed to group undertakings	9,446	5,521	33,383	31,354
Other creditors	1,635	6,862	-	-
Development costs to site completion	485	485	-	-
Accruals and deferred income	9,405	11,455	2,265	2,327
Other taxes and social security	21	8	-	-
	24,339	27,388	40,555	35,849

Details of the security on the above borrowings are disclosed in note 14.

Amounts payable to group undertakings carry interest of 1.5 per cent above base rate (2016: same) per annum charged on the outstanding loan balance and are repayable on demand.

**13. Creditors** (amounts falling due after more than one year)

	Group	Group	Holding Company	Holding Company
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Secured bank loan	185,094	187,118	185,094	187,118

The secured bank loan is secured by a fixed legal charge on certain freehold investment properties of the company's subsidiary undertakings and bears interest at 6.4% per annum. See note 14 for further details.

Notes to the Financial Statements *continued***14. Financial instruments****(a) Cash, cash equivalents and restricted cash**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>Holding company 2017 £'000</b>	<b>Holding company 2016 £'000</b>
Cash at bank and in hand	1,957	3,447	-	356
Restricted cash	2,941	646	2,941	646
	<b>4,898</b>	<b>4,093</b>	<b>2,941</b>	<b>1,002</b>

£2,585,000 restricted cash is used to pay the next quarterly interest payment and capital repayment on £222m secured loans and in the event there is excess cash it is released from any restriction.

£356,000 restricted cash arises under the terms of security arrangements under the company's banking facilities. Proceeds of property disposals are restricted cash and form part of the security for the £225m secured loan.

**(b) Analysis of group net debt**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Creditors (amounts falling due within one year)	2,310	2,248
Creditors (amounts falling due after more than one year)	185,094	187,118
Gross debt	187,404	189,366
Cash at bank and in hand	(4,898)	(4,093)
<b>Group net debt</b>	<b>182,506</b>	<b>185,273</b>

**(c) Repayment of gross debt**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
<b>Bank loans:</b>		
Within one year	2,310	2,248
1-2 years	-	-
2-5 years	5,654	7,679
Over 5 years, by instalments	39,440	39,439
Over 5 years, not by instalments	140,000	140,000
<b>Gross debt</b>	<b>187,404</b>	<b>189,366</b>

The secured loan is a bilateral loan which is secured by a fixed legal charge on certain freehold and leasehold investment properties of certain subsidiaries of the group. £54m of the facility is repayable in quarterly instalments with the balance of £140m maturing in 2031.

Notes to the Financial Statements *continued***14. Financial instruments** *continued***(d) Analysis of movement in group net debt**

	<b>1 April 2016 £'000</b>	<b>Cash flow £'000</b>	<b>31 March 2017 £'000</b>
Cash at bank	3,447	(1,490)	1,957
Restricted cash	646	2,295	2,941
	4,093	805	4,898
Overdrafts	(74)	74	-
Total cash	4,019	879	4,898
Debt due within one year (excluding overdrafts)	(2,174)	(136)	(2,310)
Debt due after more than one year	(187,118)	2,024	(185,094)
<b>Net debt</b>	<b>(185,273)</b>	<b>2,767</b>	<b>(182,506)</b>

**15. Provisions for liabilities**

	<b>Group 2017 £'000</b>
<b>Deferred taxation</b>	
At 1 April 2016	7,787
Profit and loss account (note 7)	(1,089)
Revaluation reserve	983
<b>At 31 March 2017</b>	<b>7,681</b>

Provision is made for deferred taxation at a rate of 20% (2016: 20%), the amount provided being:

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Fixed asset timing differences	975	1,023
Losses	(5,679)	(5,375)
Capitalised land remediation	67	71
Capitalised interest	287	304
Deferred tax on investment property and operational assets revaluations	12,031	11,764
	<b>7,681</b>	<b>7,787</b>

There was no unrecognised deferred tax in either year

Further reductions in the main rate of corporation tax have been substantively enacted; the rate will reduce to 20% from 1 April 2017.

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

Finance Act 2016, which was substantively enacted on 6 September 2016, included provisions to reduce the rate of corporation tax to 17% from 1 April 2020. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax liability will be reduced.

During the year commencing 1 April 2017 the net reversal of deferred tax liabilities is expected to decrease the corporation tax charge for the year by £746,000. This is due to the reversal of timing differences in relation to tax losses. There is no expiry date on timing differences, unused tax losses or tax credits.

Notes to the Financial Statements *continued*
**16. Financial instruments and operating leases**

(a) The carrying values of the group and company's financial assets and liabilities are summarised by category below:

	<b>Group</b>		<b>Holding Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>				
Measured at amortised cost				
- Trade and other debtors (see note 11)	4,145	12,574	128	109
- Amounts due from group undertakings	2,726	2,701	153,128	164,774

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial liabilities</b>				
Measured at amortised cost				
- Loans payable (see notes 13 and 14)	187,404	(187,118)	185,094	(187,118)
- Bank overdraft (see note 12)	-	(74)	-	-
- Trade and other creditors (see note 12)	2,672	(7,671)	2,597	-
- Amounts due to group undertakings	9,446	5,521	33,383	31,354

	<b>Group</b>		<b>Group</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total income and expense</b>				
- Total interest income from financial assets at amortised cost (see note 5)			-	24
- Total interest expense for financial assets at amortised cost (see note 5)			(12,608)	(12,738)

**(b) Operating lease receivables**

The future amounts receivable by the group under non-cancellable operating leases are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Expiring within:		
1 year	18,629	17,708
1 – 2 years	15,826	15,824
2 – 5 years	37,249	38,417
Over 5 years	267,650	256,871
	<b>339,354</b>	<b>328,820</b>

Notes to the Financial Statements *continued***17. Called-up share capital**

	<b>Group and Holding Company</b>	
	<b>Number</b>	<b>£'000</b>
<b>Allotted and fully paid</b>		
<b>Equity share capital</b>		
Ordinary shares of £1 each:		
At 1 April 2016 and 31 March 2017	71,470,295	71,470

The group and company's reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, other fixed assets and investments.

The revaluation reserve represents accumulative gains or losses including unrealised gains, on remeasurement of operating buildings.

The merger reserve represents the difference between cost of investment and net assets of subsidiaries acquired and accounted for under merger accounting principles.

**18. Note to the group cash flow statement**

	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>Reconciliation of operating profit to cash generated by operations</b>		
Group operating profit	19,716	22,970
Non-cash adjustments:		
Depreciation of operational buildings	510	439
Revaluation surplus on investment properties	(5,820)	(9,009)
Creation less amortisation of lease incentives	(586)	41
Operating cash flow before movement in working capital	13,820	14,441
Movement in debtors	6,527	(3,338)
Movement in creditors	(4,216)	1,704
	16,131	12,807

**19. Capital commitments**

	<b>Group 2017 £'000</b>	<b>Group 2016 £'000</b>
Capital expenditure contracted for but not provided for in these accounts	1,310	927

## Notes to the Financial Statements *continued*

### **20. Related party transactions**

During the year to 31 March 2017, companies within Peel Investments (Land & Property) No. 1 Limited group have leased land to a fellow subsidiary of the Peel Holdings Group Limited group Cammell Laird Shiprepairers and Shipbuilders Limited. The rent in the year totalled £3,246,000 (2016: £3,049,000) and the amount outstanding as at 31 March 2017 was £nil (2016: £nil).

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

### **21. Ultimate holding company**

The ultimate holding company in the year to 31 March 2017 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the Billown 1997 Settlement.

The immediate parent company is Peel Investments Holdings Limited.

The largest group of undertakings, of which the company is a member, that produces consolidated accounts is Peel Holdings Group Limited, a company registered in the Isle of Man.

The smallest group of undertakings, of which the company is a member, that produces consolidated accounts is Peel Investment Holdings Limited. Its group accounts are available from the Company Secretary at Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL.