

Company Registration No. 08702521 (England and Wales)

PEEL CHAPEL NO.2 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016



PEEL CHAPEL NO.2 LIMITED

COMPANY INFORMATION

Directors

Peter Hosker LL.B
Neil Lees A.C.I.S.
Steven Underwood A.C.A
Paul Wainscott A.C.I.S.
John Whittaker

Company secretary

Neil Lees A.C.I.S.

Company number

08702521

Registered office

Peel Dome
Intu Trafford Centre
Traffordcity
Manchester
M17 8PL

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

Bankers

The Royal Bank of Scotland plc

JP Morgan Europe Limited

PEEL CHAPEL NO.2 LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 19

PEEL CHAPEL NO.2 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their strategic report for the year ended 31 March 2016.

Review of the business

The principal activities of the Company is the holding of listed investments.

Strategy

The strategy of the Company is to maximise the long term capital value of its listed investment.

Results and Financial Position

The Company's results and financial position are set out in the profit and loss account and balance sheet on pages 6 and 7.

As shown in the profit and loss account, turnover for the year totalled £13.126m (2015: £11.162m).

Pre-tax profits have decreased from a profit of £67.003m in the previous year to a loss of £28.460m in the current year. The current year loss includes £33.927m in respect of decreases in the value of listed investments (2015: £62.772m increase).

Shareholder's funds' decreased by £22.541m from £185.704m at 31 March 2015 to £163.163m at 31 March 2016. The decrease includes a loss for the financial year of £22.542m (2015: profit of £57.995m). No dividends were paid in the year (2015: £nil).

At 31 March 2016 the Company had net current liabilities of £146.265m (2015: £136.691m). This included £128m in respect of listed debt (note 9).

The key performance indicator of the business is the value of the investments and share prices are monitored on a daily basis.

Risks and Uncertainties

The principal aim of the Company is to maximise long term returns whilst minimising risks. Responsibility for managing risk is clearly identified and delegated by the directors to specific senior staff.

The directors consider the major item of risk affecting the Company to be fluctuations in the market value of listed investments and the potential impact on ability to repay debt. Share prices are monitored regularly to ensure there is sufficient headroom.

Following the results of the EU referendum the impact on the above is uncertain and will be monitored closely.

On behalf of the board



Neil Lees A.C.I.S.

Director

29 September 2016

PEEL CHAPEL NO.2 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and audited financial statements for the year ended 31 March 2016.

Directors

The directors who held office from 1 April 2015 were as follows:

Peter Hosker LL.B
Neil Lees A.C.I.S.
Steven Underwood A.C.A
Paul Wainscott A.C.I.S.
John Whittaker

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend (2015: £nil).

Auditor

Deloitte LLP, are deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

PEEL CHAPEL NO.2 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Statement of disclosure to auditor

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

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

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

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

Going concern

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

On behalf of the board



Neil Lees A.C.I.S.

Director

29 September 2016

PEEL CHAPEL NO.2 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PEEL CHAPEL NO.2 LIMITED

We have audited the financial statements of Peel Chapel No.2 Limited for the year ended 31 March 2016 which comprise the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cashflows and the related notes 1 to 14. 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 FRS102 "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, 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 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 the company's affairs as at 31 March 2016 and of its loss 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 the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PEEL CHAPEL NO.2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PEEL CHAPEL NO.2 LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Patrick Loftus (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom
29 September 2016**

PEEL CHAPEL NO.2 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Note	ended 31 March 2016 £	31 March 2015 £
Turnover	4	13,125,832	11,162,079
Revaluation of Listed Investments		(33,927,275)	62,771,804
Gross (loss)/profit		(20,801,443)	73,933,883
Administrative expenses		(128,887)	(99,548)
Operating (loss)/profit	3	(20,930,330)	73,834,335
(Loss)/profit on ordinary activities before interest and taxation		(20,930,330)	73,834,335
Interest payable and similar charges	6	(7,529,360)	(6,831,512)
(Loss)/profit on ordinary activities before taxation		(28,459,690)	67,002,823
Tax on (loss)/profit on ordinary activities	7	5,917,953	(9,008,008)
(Loss)/profit for the financial year attributable to the equity shareholders of the company		(22,541,737)	57,994,815

All of the above results derive from continuing operations.

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

PEEL CHAPEL NO.2 LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

	Note	2016 £	£	2015 £	£
Fixed assets					
Investments	8	310,999,382		330,978,619	
Current assets					
Cash at bank and in hand		1,621		973	
Creditors: amounts falling due within one year	9	(146,266,722)		(136,692,104)	
Net current liabilities		(146,265,101)		(136,691,131)	
Total assets less current liabilities		164,734,281		194,287,488	
Provisions for liabilities	10	(1,571,619)		(8,583,089)	
Net assets		163,162,662		185,704,399	
Capital and reserves					
Called up share capital	11	120,000,001		120,000,001	
Share premium account		19,447,204		19,447,204	
Profit and loss account		23,715,457		46,257,194	
Shareholder's funds		163,162,662		185,704,399	

The financial statements for Peel Chapel No.2 Limited, company number 08702521 were approved by the board of directors and authorised for issue on 29 September 2016

Signed on its behalf by:



Neil Lees A.C.I.S.
Director

PEEL CHAPEL NO.2 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
Balance at 1 April 2014 as previously stated under UK GAAP and upon transition to FRS102	120,000,001	19,447,204	(11,737,621)	127,709,584
Profit and total comprehensive income for the period	-	-	57,994,815	57,994,815
Balance at 31 March 2015	120,000,001	19,447,204	46,257,194	185,704,399
Loss and total comprehensive expense for the year	-	-	(22,541,737)	(22,541,737)
Balance at 31 March 2016	120,000,001	19,447,204	23,715,457	163,162,662

PEEL CHAPEL NO.2 LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		£	£
Cash flows from operating activities	12	13,948,677	664
Payments to acquire listed investments		(13,948,029)	-
Net cashflow from investing activities		(13,948,029)	-
Net increase in cash and cash equivalents		648	664
Cash and cash equivalents at beginning of year		973	309
Cash and cash equivalents at end of year		1,621	973

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

Peel Chapel No.2 Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed assets investments and in accordance with applicable United Kingdom accounting standards.

The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Peel Chapel No.2 Limited prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 13.

Currency

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

1.2 Going concern

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

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

1.3 Turnover

Turnover comprises dividends which are recognised in period. Dividends receivable are recognised on a cash receipt basis, net of any finance charges.

1.4 Cash and cash equivalents

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

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.5 Financial assets

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

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

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

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

Derecognition of financial assets

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

1.6 Financial liabilities

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

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

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

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

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

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

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

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

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

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.7 Equity instruments

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

1.8 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.

1.9 Related party transactions

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

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.10 Investments

Listed investments are accounted for using the alternative investment method, whereby the investment is revalued on an annual basis, using market values. Surplus or deficits arising on revaluation are directly to the profit and loss account.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

3	Operating (loss)/profit	2016 £	2015 £
	Operating (loss)/profit for the period is stated after charging:		
	Fees payable to the company's auditor for the audit of the company's financial statements	4,000	3,000

4 Turnover

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

	2016 £	2015 £
Turnover		
Dividend Income	13,125,832	11,162,079

The total turnover of the company for the year has been wholly undertaken in the United Kingdom.

5 Employees

There were no employees during the year apart from the directors (2015: none).

No director received any remuneration for their services to the company (2015: none).

6	Interest payable and similar charges	2016 £	2015 £
	Bank charges	60	98
	Interest payable to group undertakings	7,529,300	6,831,414
		7,529,360	6,831,512

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

7	Taxation	2016 £	2015 £
	UK Current tax		
	UK corporation tax on (loss)/profits for the current year	1,093,517	424,919
	Deferred tax		
	Origination and reversal of timing differences	(6,153,161)	8,583,089
	Changes in tax rate	(858,309)	-
	Total deferred tax	(7,011,470)	8,583,089
	Total tax (credit)/expense for the year	(5,917,953)	9,008,008

The credit for the year can be reconciled to the (loss)/profit per the profit and loss account as follows:

	2016 £	2015 £
(Loss)/profit before taxation on continued operations	(28,459,690)	67,002,823
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax of 20.00% (2015: 21.00%)	(5,691,938)	14,070,593
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	2	-
Tax effect of utilisation of tax losses not previously recognised	-	(4,731,928)
Indexation	(51,393)	-
Changes in tax rates	(858,309)	-
Difference in tax rate on current year deferred tax	683,685	-
UK Dividend Income	-	(330,657)
	(226,015)	(5,062,585)
Total tax (credit)/expense for the year	(5,917,953)	9,008,008

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation was not substantively enacted as at 31 March 2016 the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been revalued to the lower rate of 18% in these financial statements. 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 2016 the net reversal of deferred tax assets/liabilities is not expected to increase/(decrease) the corporation tax charge for the year.

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

8 Investments

	Listed Investments £
Cost or valuation	
At 1 April 2015	330,978,619
Additions	13,948,038
Revaluation	(33,927,275)
At 31 March 2016	310,999,382
Carrying amount	
At 31 March 2016	310,999,382
At 31 March 2015	330,978,619

9 Creditors

	Due within one year	
	2016 £	2015 £
Trade creditors	14,305	1,200
Amounts due to fellow group undertakings	146,232,047	136,614,637
Accruals	20,370	76,267
	146,266,722	136,692,104

£128m (2015: £121m) of the amounts owed to fellow group undertakings above are listed on the Cayman Island stock exchange, however are classified as amounts owed to parent by virtue of the fact that the total £128m (2015: £121m) is owned by the Company's parent. These have a maturity date of 2023 however can be redeemed at any time.

10 Provisions for liabilities

	Deferred tax liability £
Deferred tax liability at 1 April 2015	8,583,089
Profit and loss account	(6,153,161)
Effect of change in tax rate	(858,309)
At 31 March 2016	1,571,619

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

11	Called up share capital	2016	2015
		£	£
	Ordinary share capital		
	Allotted, called up and fully paid		
	120,000,001 ordinary shares of £1 each	120,000,001	120,000,001
		<u> </u>	<u> </u>
12	Reconciliation of operating profit to cash generated by operations	2016	2015
		£	£
	Operating (loss)/profit	(20,930,330)	73,834,334
	Adjustments for:		
	Deficit/(surplus) on revaluation of listed investments	33,927,268	(62,771,806)
		<u> </u>	<u> </u>
	Operating cashflow before movement in working capital	12,996,938	11,062,528
	Movements in working capital:		
	(Increase)/decrease in debtors	-	799,544
	Increase/(decrease) in creditors	922,011	(12,023,479)
		<u> </u>	<u> </u>
	Cash generated from operations	13,918,949	(161,407)
		<u> </u>	<u> </u>

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

13 Reconciliations on adoption of FRS 102

Reconciliation of equity

Notes	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets						
Investments	268,206,815	-	268,206,815	330,978,619	-	330,978,619
Current assets						
Other debtors	799,544	-	799,544	-	-	-
Bank and cash	309	-	309	973	-	973
	799,853	-	799,853	973	-	973
Creditors due within one year						
Creditors	(141,297,084)	-	(141,297,084)	(136,692,104)	-	(136,692,104)
Net current liabilities	(140,497,231)	-	(140,497,231)	(136,691,131)	-	(136,691,131)
Total assets less current liabilities	127,709,584	-	127,709,584	194,287,488	-	194,287,488
Provisions for liabilities						
Deferred tax liabilities i	-	-	-	-	(8,583,089)	(8,583,089)
Net assets	127,709,584	-	127,709,584	194,287,488	(8,583,089)	185,704,399
Capital and reserves						
Share capital	120,000,001	-	120,000,001	120,000,001	-	120,000,001
Share premium	19,447,204	-	19,447,204	19,447,204	-	19,447,204
Revaluation reserve ii	-	-	-	49,184,018	(49,184,018)	-
Profit and loss i,ii	(11,737,621)	-	(11,737,621)	5,656,265	40,600,929	46,257,194
Total equity	127,709,584	-	127,709,584	194,287,488	(8,583,089)	185,704,399

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

13 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit or loss for the year

	Notes	For the year ended At 31 March 2015		FRS 102 £
		Previous UK GAAP £	Effect of transition £	
Turnover		11,162,079	-	11,162,079
Reversal of listed investment	ii	13,587,786	49,184,018	62,771,804
Gross profit		24,749,865	49,184,018	73,933,883
Administrative expenses		(99,548)	-	(99,548)
Operating profit		24,650,317	49,184,018	73,834,335
Interest payable and similar charges		(6,831,512)	-	(6,831,512)
Profit before taxation		17,818,805	49,184,018	67,002,823
Tax on profit on ordinary activities	i	(424,919)	(8,583,089)	(9,008,008)
Profit for the financial year		17,393,886	40,600,929	57,994,815

Notes to reconciliations on adoption of FRS 102

i. Deferred Tax

Under FRS102, deferred tax is recognised on a timing difference on listed investments measured at fair value, calculated using the tax rates and allowances that would apply to the disposal of such assets. Under previous UK GAAP deferred tax required a timing difference approach and was not recognised when fixed assets were revalued unless by the balance sheet date there was a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale had been recognised in the financial statements. Consequently deferred tax has been recognised on all fair value remeasurements and on all fair value adjustments arising on business combinations (other than goodwill).

ii. Revaluation of listed investment

Under FRS 102, changes in the fair value of listed investments are recorded in the profit and loss account. Under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses.

PEEL CHAPEL NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2016**

14 Controlling party

The ultimate holding company in the year ended 31 March 2016 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the Billown 1997 Settlement.

The immediate parent company is Peel Holdings Chapel (No. 2) Limited, a company incorporated in the Isle of Man.

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

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