PEAC Business Finance Limited

(formerly Barclays Mercantile Business Finance Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 18 months ended 30 June 2022

PEAC Business Finance Limited

CONTENTS

PEAC Business Finance Limited

DIRECTORS AND OTHER INFORMATION

Directors	J. Ashley (appointed 30 June 2021) S.G. Bolton M.A. Bousaba (appointed 28 February 2022) A.J. Bromfield (appointed 30 June 2021) A. Hartis (appointed 11 May 2022) D.C. Hawkins J. Staadecker (appointed 30 June 2021) D. Barnes (resigned 23 June 2021) J.J. Brown (resigned 30 June 2021) P.K. Vukkalam (resigned 23 June 2021)
Registered office	Inspired Easthampstead Road Bracknell RG12 1YQ
Secretary	P. Venner
Registered number	00898129
Independent Auditor	BDO LLP 55 Baker Street London W1U 7EL United Kingdom

PEAC Business Finance Limited

STRATEGIC REPORT

Principal activity

PEAC Business Finance Limited ("the Company") provides leases and other financial facilities to business customers. The Company mainly provides a range of assets but a significant component is wheeled assets (cars, commercial vehicles, trailers etc.) on finance lease or hire purchase.

Business review

On 30 June 2021 the entirety of the Company's shareholding was acquired by PEAC Business Finance Holdings Limited from Barclays Principal Investments Limited.

The results of the Company show a profit before tax of £67.7m for the 18 months ended 30 June 2022 (£11.0m for the year ended 31 December 2020). Profit before tax includes gains on fair value movements totalling £46.9m (£5.6m loss in the year ended 31 December 2020) due to favourable changes in the mark to market value of the Company's interest rate swaps. It also includes £6.9m of dividends received from investments (£1.2m in the year ended 31 December 2020). The Company has net assets of £158.9m at 30 June 2022 (£158.5m at 31 December 2020).

Following the acquisition, the Company entered into securitisation agreements with Bank of America Merrill Lynch and J.P. Morgan through two special purpose vehicles, TF Receivables Assetco 1 D.A.C. and TF Receivables Assetco 2 D.A.C., to finance the leasing asset portfolio and future originations. Further funding is provided by the Company's parent, PEAC Business Finance Holdings Limited.

Future outlook

The Directors are pleased with the Company's balance sheet and cash flow position and intend to continue originating new business going forward.

Principal risks and uncertainties

The Directors consider that the Company's operations expose it to a number of principal risks as detailed below. The directors have delegated the responsibility of monitoring financial risk management to a sub-committee of the Board.

Credit Risk
Credit risk is the risk that a counterparty or counterparties fail to fulfil their contractual obligations to the Company. The Company performs ongoing credit evaluations of its customers and evaluates past-due payment status in its determination of the need for specific customer allowances on its accounts receivable.

Residual Value
Residual value risk is the financial threat to the business of inadequate provisioning and overly aggressive (too high) residual value positions on assets the company funds. The Company has finance lease contracts which have residual values on completion of contract term.

The company has a wealth of both historic and contemporary data and extensive, proven experience in the effective management and mitigation of this risk. Residual values are monitored and reviewed on a regular basis by the Asset Management team.

Liquidity Risk
Liquidity risk is the risk that insufficient funds are available for the continuation of the company. The Company has exposure to liquidity risks which it manages by producing regular short and medium term cash flow projections, maintaining minimum cash balances, and utilising its conduit financing facility and drawing on funds from its parent.

Interest Rate Risk
Interest rate risk is the risk of fluctuations in interest rates and the resultant changes in the value of financial instruments. The largest of the Company's interest bearing liability is a floating rate loan. The Company has entered into swap agreements to manage the risk associated to the movement of the interest rate. The Company monitors the level of interest rate risk on an ongoing basis.

Operational risk
Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes or systems, human factors or from external agents. This is mitigated by ongoing reviews of internal processes and systems to ensure they are operating appropriately.

Business and competition risk
Business risk is the risk of adverse outcomes resulting from a weak competitive position or from a poor choice of strategy, markets, products, activities or structures. The Company operates in a highly competitive environment particularly around price and product availability and quality. This results in downward pressure on margins and the resultant risk that we will not meet our customers' expectations. The Directors and senior leadership use their extensive industry knowledge and specialist experience to ensure that the Origination strategy and target marker criteria are aligned to deliver successful, sustainable origination outcomes.

Reputational risk
Reputation risk refers to the potential damage to the company's standing and brand. To mitigate this risk the company focuses on maintaining transparent communication, setting expectations with customers and clients and delivering a quality service including prompt, effective action in relation to customer concerns or complaints.

Cyber risk
Cyber risk is the exposure the Company has to a range of digital threats including unauthorised access to our systems, data breaches and cyber-attacks which may adversely impact the company's operations, reputation and financial well-being. This risk encompasses both internal and external threats arising from evolving technological advancements and sophisticated hacking techniques.

To mitigate cyber risk, PEAC employs a combination of security governance, risk management, access control, data protection and destruction, incident management, business continuity, third party management. compliance monitoring and staff training and awareness.

Key performance indicators

In order to understand the development, performance and position of the business the directors of the company use the followings key performance indicators ("KPIs"):

- Present value of minimum lease, hire purchase and loan payments receivable
- Change in bad debt provisions and write offs
- Profit before tax

Following the acquisition of the Company at 30 June 2021 there has been a new management team as well as a change in the financing structure and overall strategy. As such, the Directors do not deem the comparative KPIs useful for the understanding of the development, performance and position of the business. As such, the KPIs detailed below are for the 12 month period from acquisition to 30 June 2022 only.

KPI	
Present value of minimum lease, hire purchase and loan payments receivable	**£852.7m**
Change in bad debt provisions and write offs	**£5.7m**
Profit before tax	**£48.5m**

The company generated £48.5m of profit in the 12 months to 30 June 2022 with a Present value of minimum lease payments receivables of £852.7m. A gain of £5.7m for bad debt provisions predominately relates to the release of provisions existing at acquisition no longer deemed necessary as at June 2022.

Section 172(1) statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its sole member, and in doing so had regard, amongst other matters, to:

- the likely consequence of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company's maintaining a reputation for high standards of business conduct; and
- to act fairly between members of the Company.

The Directors are collectively responsible for managing the affairs of the Company with the overall aim of achieving long-term prosperity through the use of a decision-making framework which factors in ethical considerations and the needs of all stakeholders. The Company's environmental, social and governance philosophy is focused on products, services, people and the environment and aims to provide long term support to the Company's clients.

Board meetings are held regularly where the Directors are required to make decisions to facilitate the Company's principal activities. Such meetings are scheduled to provide adequate time for all stakeholders' interests to be fully considered. Where additional information is required, time is allowed gather the required information from appropriate parties. Information is presented to the Directors in a number of formats to assist them in discharging their duties under Section 172. This information may include, among other things, reports and presentations on financial and operational performance, business updates, budgets and forecasts, regulatory reporting requirements and HR-related information. When making decisions, the Directors seek to understand the impact on each of its stakeholders, with a focus on long-term impacts, whilst always acknowledging that competing interests may mean that the decision is not favourable for all stakeholders.

As is required in a large company, the Directors are required to delegate some decisions to appropriately qualified managers. Delegation is performed within agreed parameters and is subject to internal approvals as determined by the Company's policies and procedures. Those to whom decision-making is delegated are equally responsible to ensure that all stakeholders are considered when arriving at a final decision.

The Company employs a dedicated and diverse workforce and is committed to providing a safe and secure working environment for both home-worked and office-based staff. IT and office equipment is regularly checked to ensure that it remains fit-for-purpose and suitable for the intended task. Examples include periodic electrical safety checks, reviews of desk configuration and setup and annual health and safety questionnaires which are sent to all staff. The Company ensures that all staff receive training to ensure compliance with all regulatory requirements and to promote the highest professional and ethical standards when dealing with customers, suppliers and colleagues. Through its Code of Business Conduct, the Company has high ethical standards and the Directors are actively involved in promoting these values within the business. Directors encourage staff to think about whether the business should do something rather than whether they can do something.

More generally, the Directors engage directly with stakeholders wherever possible on certain issues. Due to the size of the Company, engagement sometimes takes place at the Operational level. Where this is the case, the outcomes of that engagement are brought to the Directors for consideration as required.

How the board engages with stakeholders

The details below illustrate how the directors engage with key stakeholders that they have identified.

Employees

Rationale for focus on stakeholder

The Company employs a diverse and skilled workforce which is focused on providing the highest levels of service to customers, clients and partners. The Directors are committed to developing staff and ensuring that they are supported and engaged in order to maximise employee engagement and retention.

Stakeholder's priorities

- A safe and productive working environment
- A supportive and inclusive culture where open and honest feedback is encouraged
- Fair compensation commensurate with staff contribution towards the long-term success of the company
- Ongoing training and development opportunities

How the Directors have engaged and considered key stakeholder interests

- The Directors are committed to providing employees with a modern working environment with technology and layout designed to maximise staff productivity and promote a positive working environment.
- All staff are offered a comprehensive benefits package which includes a number of additional benefits such as healthcare and a generous pension scheme.
- An annual training budget is available and the company is proud to sponsor staff through professional examinations as required by their role.
- Staff surveys are used to gain feedback and this is used to influence and improve future decision-making.
- Regular Town Hall meetings and update presentations to the Company are also used as tools to engage with staff.

Customers, clients and partners

Rationale for focus on stakeholder

Customers, clients and partners are at the heart of the Company's business model. The Directors firmly believe that the long-term success of the Company is facilitated by acting as a trusted partner over the long-term through market peaks and troughs.

Stakeholder's priorities

- Having a trusted financing partner, there for the long-term and supportive through good and bad times
- Treating each customer as an individual with tailored solutions
- Best-in-class customer service
- Adaptability through changing economic cycles
- Competitive and appropriate risk-based pricing

How the Directors have engaged and considered key stakeholder interests

- Customers are allocated a dedicated relationship manager who seeks to understand client needs and tailors solutions to meet those needs.
- Regular customer meetings enable the Company to understand customer needs and ensure that everything is done to meet those needs.
- Where unexpected events occur (most recently, the Covid-19 pandemic), relationship managers are empowered and encouraged to assist customers as far as is possible through the use of tailored and flexible solutions.

Suppliers

Rationale for focus on stakeholder

As an asset finance company, the Company engages with a broad range of suppliers when purchasing assets to finance on lease and hire purchase contracts. Good quality, engaged suppliers are key to the Company achieving its primary goal of providing customers with the best possible outcomes. The Directors ensure that the Company works closely with suppliers to ensure that goods are delivered on time and to the right specification.

The Company also engages with a range of other suppliers to support all areas of its operations (software systems, office supplies

Stakeholder's priorities

- Open and transparent business partner
- Easy to deal with and open to commercial negotiation
- Prompt and efficient payment of invoices
- Dedicated support contact in case on enquiries

How the Directors have engaged and considered key stakeholder interests

- With regards to the purchase of assets to finance on lease and hire purchase contracts, each supplier relationship is managed by a dedicated individual within the Company. That individual is encouraged to seek feedback from suppliers to ensure that the Company is working effectively with its supplier base.
- Supplier contracts relating to other areas of operations are regularly reviewed on a periodic basis to ensure that the associated service is fit for purpose and of suitable quality.
- The Directors have an agreed policy to ensure that all suppliers are paid within the boundaries of the payment terms stipulated within each supplier contract. The average time to pay suppliers is monitored with delays investigated promptly.

Regulators and Government

Rationale for focus on stakeholder

The Directors are focused on sustaining high standards of business conduct and maintaining an open dialogue with government and regulatory bodies.

The Company is also a member of various trade bodies with whom it actively engages on a range of subjects.

Stakeholder's priorities

- Good customer outcomes
- Compliance with regulations and also "the spirit" of those regulations
- Recognition of risk management and its importance in the long-term building of a resilient business
- Openness and willingness to engage in demonstrable activities which seek to minimise the Company's impact on the environment and local community

How the Directors have engaged and considered key stakeholder interests

- The Company provides regular training to all staff in order to ensure that all changes and updates to the regulatory environment are understood.
- The Company has well-defined policies in place to support whistle-blowing and other compliance-related matters.
- Members of staff regularly attend events and conferences organised by trade bodies.
- Sales staff are encouraged to consider the opportunities provided by green financing and make this a priority when considering new sector and channel opportunities.

Communities and Environment

Rationale for focus on stakeholder

The Directors acknowledge that building a successful business within the local community can have positive benefits for that community. Supporting local charitable causes is a key objective of the Company and in doing this, the Directors believe that their understanding of the wider community is improved, leading to more positive customer outcomes.

Stakeholder's priorities

An ESG Policy focused on:

- sustainability issues
- climate change
- support for community activities
- job creation and social mobility

How the Directors have engaged and considered key stakeholder interests

- Employees are asked to select a charitable cause each year with fund-raising and other activities organised throughout the year to raise money for good causes. Typically, the selected charity will be local to the area in which the Company is based.
- The Company is proud to employ a diverse workforce, many of whom live locally. In doing so, the Company actively supports the local economy through job creation and the associated impacts of employing staff in the local area.
- As far as is practicable, the Company seeks to minimise its carbon footprint through the use of green energy, low energy equipment, efficient and modern offices and a comprehensive waste recycling policy within its offices.
- All staff work on a hybrid basis with 40% of their time, on average, spent working from home which avoids pollution and the associated environmental impacts of commuting.
- The Company also encourages reduced car usage by offering a cycle to work scheme and encouraging staff to vehicle share where possible.

Investors

Rationale for focus on stakeholder

The Company is focused on generating long-term sustainable value for its investors. Investors provide the capital on which the business is built so it is important that the Company actively engages with them and listens to feedback.

Stakeholder's priorities

- Risk mitigation and management
- Capital generation and distributions
- Sustainable business model
- Appropriate and effective governance with due regard to environmental and social responsibility

How the Directors have engaged and considered key stakeholder interests

- The Directors are extremely proactive in their engagement with investors. Investors include shareholders, debt providers and other market participants.
- Regular meetings are held with investors and any feedback is received and disseminated within the wider organisation through Company updates and Town Hall meetings.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Steve Bolton

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S.G. Bolton
Director

Date: 15 August 2023

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of PEAC Business Finance Limited ("the Company") for the 18 months ended 30 June 2022.

Directors

The names of the Directors who held office during the year and to date are listed on page 2.

Dividends

A final dividend of £35.36m in respect of the year ended 31 December 2020 and an interim dividend of £24.64m in respect of the 18 months ended 30 June 2022 were paid during the 18 months ended 30 June 2022 (£2 for the year ended 31 December 2020). No final dividend has been proposed for the 18 months ended 30 June 2022 (£35.36m for the year ended 31 December 2020).

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 3. These matters relate to the principal activity of the Company, its business review and future developments and principal risks and uncertainties and information regarding financial risk management.

Going concern risk

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

The ongoing liquidity of the Company is dependent on its rental payment streams, satisfying the eligibility criteria for conduit financing of receivables.

The Directors have considered the impact of recent current events on the business, in particular the conflict in Ukraine. They have concluded that these events have no material impact on the financial statements for the 18 months ending 30 June 2022. They have also considered various factors in the current economic environment that may impact on the company's profitability including the impact of recent interest rate rises and the potential indirect impact associated with current inflationary pressures. No material impact is foreseen to the Company's portfolio or operations going forward. The Directors are monitoring the situation and are prepared to take such actions as are necessary to mitigate any significant impact on the business.

In concluding that the going concern basis is appropriate for the Company for the 18 months ended 30 June 2022 financial statements, the Directors have taken various matters into account. Refer to Note 2B to the financial statements on page 19 for further details.

Engagement with suppliers, customers and others

The Company undertakes routine market research to understand our customers' expectations and whether their needs are being met to ensure we deliver our services to the highest standards. We highly value our suppliers and aim to ensure constant communication.

Greenhouse gas emissions, energy consumption and energy efficiency action

In accordance with Part 7A, 20D (6) of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as it is not practical for the Company to obtain the necessary information reliably due to its offices being fully serviced with no separate utility supplies from other businesses in the same building. Furthermore, estimations of the Company's energy usage indicate it is below 40,000kWh.

Subsequent events

On 21 December 2022 the Company entered into a secured revolving loan facility, alongside other group companies, with Societe Generale.

On 16 June 2023 the revolving securitisation facility the Company is party to was renewed and the new revolving period ends 16 June 2025 after which the facility goes into amortisation in line with the lease portfolio.

Qualifying third party indemnity provisions

For the period from 1 January 2021 to 30 June 2021 qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006).

For the 12 months ended 30 June 2022 there were no qualifying third party indemnity provisions in place.

Auditors and disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf.

DocuSigned by:

Steve Bolton

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S.G. Bolton
Director

Date: 15 August 2023

PEAC Business Finance Limited

STATEMENT OF DIRECTORS' RESPONSIBILITES

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

Company law requires the directors to prepare financial statements for each financial 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 Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)".

Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Steve Bolton

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S.G. Bolton
Director

Date: 15 August 2023

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF PEAC BUSINESS FINANCE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the 18 months 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.

We have audited the financial statements of PEAC Business Finance Limited ("the Company") for the 18 months ended 30 June 2022 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF PEAC BUSINESS FINANCE LIMITED (continued)

Other Companies Act 2006 reporting
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 has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, the accounting standards, and tax legislation.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF PEAC BUSINESS FINANCE LIMITED (continued)

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the relevant laws and regulations.
- enquiring of management and those charged with governance about their own identification and assessment of the risks of irregularities, including fraud.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- reading minutes of meetings of those charged with governance.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- we also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Andrew Barclay
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Andrew Barclay (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date: 15 August 2023

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

PEAC Business Finance Limited

STATEMENT OF COMPREHENSIVE INCOME
For the 18 months ended 30 June 2022

	Notes	**18 months ended 30 June 2022**	Year ended 31 December 2020 as restated*
		£m	£m
Revenue	3	**57.1**	39.7
Interest payable and similar charges	4	**(24.7)**	(8.5)
Gross profit		**32.4**	31.2
Change in bad debt provisions and write offs (net of recoveries)	5	**(2.6)**	(4.9)
Administrative costs	6	**(16.1)**	(10.9)
Operating profit		**13.7**	15.4
Interest receivable and similar income	7	**0.2**	1.2
Fair value movements on derivative instruments	10	**46.9**	(5.6)
Income from investments in subsidiaries	11	**6.9**	-
Profit before tax		**67.7**	11.0
Tax on profit	12	**(7.3)**	(1.6)
Profit after tax		**60.4**	9.4
Other comprehensive income		**-**	(0.3)
Total comprehensive income for the year		**60.4**	9.1

*Following transition to FRS 102, please see note 28 for further details.

The notes on pages 19 to 38 form an integral part of these financial statements.

PEAC Business Finance Limited

BALANCE SHEET
As at 30 June 2022

	Notes	30 June 2022	31 December 2020 as restated*
		£m	£m
Non-current assets			
Tangible assets	13	**0.1**	-
Investments	14	**-**	-
Deferred tax asset	20	**7.5**	6.0
Debtors: due after one year	16	**536.9**	576.1
		544.5	582.1
Current assets			
Cash at bank	15	**85.7**	-
Debtors: due within one year	16	**445.6**	560.0
		531.3	560.0
Creditors: due within one year	18	**(398.0)**	(971.5)
Net current assets		**133.3**	(411.5)
Total assets less current liabilities		**677.8**	170.6
Non-current liabilities			
Creditors: due after one year	18	**(518.9)**	-
Provisions for liabilities	19	**-**	(12.1)
		(518.9)	(12.1)
Net assets		**158.9**	158.5
Capital and reserves			
Share capital	22	**94.0**	94.0
Profit and loss account		**64.9**	68.1
Retirement benefit remeasurement reserve		**-**	(3.6)
		158.9	158.5

*Following transition to FRS 102, please see note 28 for further details.

The notes on pages 19 to 38 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

DocuSigned by:

Steve Bolton

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S.G. Bolton
Director

Date: 15 August 2023

Registered number: 00898129

PEAC Business Finance Limited

STATEMENT OF CHANGES IN EQUITY
As at 30 June 2022

	Share capital	Profit and loss account	Total
	£m	£m	£m
Balance as at 1 January 2020 as restated*	94.0	54.2	148.2
Total comprehensive income as restated*	-	9.4	9.4
Retirement benefit remeasurement	-	0.9	0.9
Balance as at 31 December 2020 as restated*	94.0	64.5	158.5
Total comprehensive income	-	60.4	60.4
Dividend paid	-	(60.0)	(60.0)
Balance as at 30 June 2022	94.0	64.9	158.9

*Following transition to FRS 102, please see note 28 for further details.

The notes on pages 19 to 38 form an integral part of these financial statement.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

PEAC Business Finance Limited ("the Company") is a private Company limited by shares, incorporated in the United Kingdom, under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 2 and the Company's principal activities are set out in the strategic report on page 3.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Previously the Company reported under International Financial Reporting Standards ("IFRS"). Following the acquisition, the Company transitioned to "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102''). Please see note 28 for further details.

A. Basis of preparation

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

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

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

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

- Determine whether there are indicators of impairment of the Company's assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.G (residual values), 2.K (taxation), 2.O (financial instruments) and 2.Q (provisions and contingencies).

B. Going concern

As at 30 June 2022, the Company had net assets of £158.9m (31 December 2020: £158.5m) and recorded a profit after tax of £60.4m for the 18 months ended 30 June 2022 (Year ended 31 December 2020: £9.4m profit).

The Directors have considered the impact of recent current events on the business, in particular the conflict in Ukraine. They have concluded that these events have no material impact on the financial statements for the year ending 30 June 2022. They have also considered various factors in the current economic environment that may impact on the company's profitability including the impact of recent interest rate rises and the potential indirect impact associated with current inflationary pressures. No material impact is foreseen to the Company's portfolio or operations going forward. The Directors are monitoring the situation and are prepared to take such actions as are necessary to mitigate any significant impact on the business.

NOTES TO THE FINANCIAL STATEMENTS

B. Going concern (continued)

An assessment of the Company's ability to continue as a going concern has been carried out. In making this assessment the Directors have taken into consideration the increase in inflation and interest rates and other macro-economic factors including new originations, volumes and credit losses. Even under extreme stress scenarios, the Directors have concluded that the company has adequate resources to continue its operations and that the going concern basis of preparation is appropriate.

As part of the acquisition, key staff members were transferred including two senior directors. This ensured continuity in understanding of the business from an operational and going concern perspective.

Furthermore, the Company's parent has agreed to provide financial support, if necessary, for at least the next 12 months commencing from the date of signing of these financial statements.

C. Exemptions for the entity under FRS 102

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

The Company has also taken advantage of the exemption, under FRS 102 paragraph 33.1A, from disclosing related party transactions with other companies that are wholly owned within a Group.

D. Foreign currency

i. Functional and presentation currency
The Company's functional and presentation currency is the pound sterling.

ii. Tra**nsactions and balances**
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

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

E. Income from investments in subsidiaries

Income from investments in subsidiaries is recognised when the right to receive payment is established.

F. Revenues

Revenues are derived entirely from activities in the United Kingdom and comprise of finance income recognised in the year in respect of finance leases, hire purchase contracts, receivables sales, and interest on loans. It also includes income in respect of early terminations of such types of contracts, gains / losses made on sale of equipment and renewal income.

F. Revenues (continued)

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

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

ii. Interest on loans
Interest on loans is credited to the statement of comprehensive income on a basis that produces a constant periodic rate of return on the outstanding net investment.

iii. Receivables sales
Profits on the sale of any deal receivables, i.e. contractual agreement with third parties to receive the rental over the life of an agreement against a one-time lumpsum amount received by the Company, shall be recognised on an actual basis.

G. Residual values

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

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

H. Initiation costs

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

I. Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension scheme. Until the acquisition the company also offered a defined benefit scheme to employees through Barclays PLC. See note 20 for further details.

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

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

NOTES TO THE FINANCIAL STATEMENTS

I. Employee benefits (continued)

iii. Defined contribution scheme
For defined contribution schemes, the Company recognises contributions due in respect of the accounting period in the statement of comprehensive income. Any unpaid contributions are recognised in the balance sheet as a liability.

iv. Defined benefit scheme
The Company was a member of the post-retirement health care scheme as well as other benefits schemes offered by Barclays PLC. The Company also bore costs in relation to Barclays PLC UK Retirement Fund where the Company was the employing entity. There were no contractual arrangements to share actuarial gains and losses arising in these schemes. Contributions to the fund are recognised as an expense in the statement of comprehensive income in the accounting period to which they relate. Any unpaid contributions are recognised in the balance sheet as a liability.

Changes in pension scheme assets or liabilities (remeasurements) that do not arise from regular pension costs, interest on net defined benefit assets or liabilities, past services costs, settlements or contributions to the plan, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

J. Interest receivable and similar income and income payable and similar charges

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

K. Taxation

UK Corporation tax is provided on taxable profits/(losses) at the current tax rate.

Deferred tax is provided on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

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

Deferred tax assets are recognised on the basis that the company will continue to make profits in future years. Future profits are calculated using forecast and budgets, in line with the going concern assessment, multiplied by the expected tax rate at that date. Actual results could differ from these estimations. At 30 June 2022 the Company had recognised a deferred tax asset of £7.5m (at 31 December 2021: £6.0m).

L. Investments

Investments are held at cost less accumulated impairment losses.

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

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

M. Tangible fixed assets and depreciation

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

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

Office equipment	4 years

N. Cash and cash equivalents

Cash and cash equivalents comprises cash in bank, on hand, on demand deposits, and cash equivalents.

O. Financial instruments

iv. Financial assets

Basic financial assets, including net investment in finance leases and hire purchase contracts, loans receivable, intercompany loans, trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

O. Financial instruments (continued)

v. Financial assets - net investment in finance leases and hire purchase contracts, and loans receivable credit losses
The Company provides for credit losses equivalent to the net investment for an exposure where:

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

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

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

iii. Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

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

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specific notional amounts. Interest rate swaps relate to contracts taken out by the Company with Bank of America Merrill Lynch and J.P. Morgan as part of the securitisation programme started in June 2021, in which the Company either receives or pays a floating rate of interest in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The valuation of the interest rate swaps for the approximate net amount to be received or paid (i.e., the fair value) is marked-to-market by using counterparty prices, and such valuations are based on the obligations of the Company relative to the terms of the contract, current interest rates, interest accrual through the valuation date and certain other factors.

The Company and TF Receivables Assetco 1 D.A.C. and TF Receivables Assetco 2 D.A.C., the special purpose vehicles set up as part of the securitization facility, entered into derivative financial instruments, to manage the entity’s exposure to interest rate risk under the securitisation programme.

NOTES TO THE FINANCIAL STATEMENTS

O. Financial instruments (continued)

As the Company retains the risk and rewards of these derivative financial instruments, the impact of these derivatives has been reflected in the financial statements of the Company as at 30 June 2022. The interest rate derivatives have a total notional value of £718.6m as at 30 June 2022 (31 December 2020: £938.8m) and a fair value asset at 30 June 2022 of £36.0m (31 December 2020: £10.1m fair value liability).

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

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

P. Operating lease rentals

These are charged to the profit and loss account on a straight-line basis over the period of the agreement.

Q. Provisions

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

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

Q. Dividends

Equity dividends are recognised when they become payable and are deducted from the profit and loss reserve. Any unpaid dividends are recognised as a liability to the extent that they have been both declared and authorised for payment.

PEAC Business Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

3. Revenue

	18 months ended 30 June 2022 £m	Year ended 31 December 2020 £m
Income from finance leases and hire purchase	**52.0**	34.5
Income from loans	**1.8**	-
Renewal income	**0.5**	0.4
Gain on terminations	**3.2**	2.0
Gain /(loss) on receivables sales	**(0.6)**	2.0
Other	**0.2**	0.8
	57.1	39.7

4. Interest payable and similar charges

	18 months ended 30 June 2022 £m	Year ended 31 December 2020 £m
Interest payable to group undertakings*	**10.7**	8.5
Interest expense on third party debt	**11.0**	-
Swap interest expense and settlement fees	**0.8**	-
Deferred debt issuance costs	**0.7**	-
Commitment fees	**1.5**	-
	24.7	8.5

*Interest payable to group undertakings includes amounts payable to the Barclays Group for the prior year and period to acquisition and the PEAC Group for the 12 months following acquisition.

5. Change in bad debt provisions and write offs (net of recoveries)

The change in bad debt provision and write offs includes amounts written off for delinquent debtors as well as movements in the bad debt provision. For the 18 months ended 30 June 2022 the total charge was £2.6m (year ended 31 December 2020: £4.9m).

PEAC Business Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

6. Administrative costs

	Notes	**18 months ended 30 June 2022 £m**	Year ended 31 December 2020 £m
Staff costs	8	**8.0**	5.4
Professional fees		**1.2**	-
Occupancy costs		**0.2**	-
IT and other office costs		**0.8**	-
Facility and bank fees		**0.1**	-
Group shared costs		**2.6**	5.4
Outsourced costs		**2.4**	-
Foreign exchange (gain)/loss		**0.2**	-
Other		**0.6**	0.1
		16.1	10.9

Included in professional fees are audit fees of £425k paid to the company auditor for the 18 months ended 30 June 2022 (2020: £48K borne by Barclays PLC).

7. Interest receivable and similar income

	18 months ended 30 June 2022 £m	Year ended 31 December 2020 £m
Interest receivable from group undertakings	**-**	0.5
Interest receivable from third parties	**0.2**	0.7
	0.2	1.2

8. Employees

Staff costs, including directors' remuneration, were as follows;

	18 months ended 30 June 2022 £m	Year ended 31 December 2020 £m
Wages and salaries	**5.2**	3.0
Social security	**0.7**	0.4
Pension costs	**0.8**	1.6
Other benefits and sales incentives	**1.3**	0.2
Other post-retirement benefits	**-**	0.2
	8.0	5.4

8. Employees (continued)

The average number of people employed by the Company, including directors, were as follows;

	18 months ended 30 June 2022	Year ended 31 December 2020
Senior management	**2**	2
Sales and marketing	**24**	40
Credit, finance and legal	**9**	-
Operations	**35**	-
	70	42

9. Director's remuneration

	18 months ended 30 June 2022 £k	Year ended 31 December 2020 £k
Directors' emoluments	**433**	-
Company contributions to money purchase pension schemes	**50**	-
	483	-

In the prior period and until the acquisition date, the Directors of the Company were employees of other Barclays group companies and did not receive remuneration in respect of their services to the Company. From the date of acquisition two directors received remuneration in respect of their services to the company, with both of these active directors at 30 June 2022. The other directors have not received remuneration for their services to the Company.

Emoluments for the highest paid director were £264k (year ended 31 December 2020: £Nil). The Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £27K (year ended 30 December 2020: £Nil).

10. Fair value movements and realised gains/losses on derivative instruments

	18 months ended 30 June 2022 £m	Year ended 31 December 2020 £m
Fair value movements	**46.1**	(5.6)
Realised gains	**0.8**	-
	46.9	(5.6)

The gain during the 18 month ended 30 June 2022 is due to favourable changes in the mark to market value of the Company's interest rate swaps

11. Income from investments in subsidiaries

During the period ended 30 June 2022 the Company received £6.9m from its subsidiaries (year ended 31 December 2020: £Nil).

PEAC Business Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

12. Taxation

A. Analysis of the tax charge in the period

	18 months ended 30 June 2022 £m	Year ended 31 December 2020 as restated* £m
Corporation tax		
Corporation tax for the period	**12.5**	1.7
Adjustments in respect of prior periods		-
	12.5	1.7
Deferred tax		
Origination and reversal of timing differences	**(4.4)**	0.3
Effect of changes in tax rate	**(0.8)**	(0.4)
	(5.2)	(0.1)
Tax on profit	**7.3**	1.6

*Following transition to FRS 102, please see note 28 for further details.

B. Factors affecting tax charge for the year

A reconciliation of current tax on profits before tax at the standard rate of corporation tax to the Company's actual tax charge is show below:

	18 months ended 30 June 2022 £m	31 December 2020 as restated* £m
Profit before tax	**67.7**	11.0
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**12.9**	2.1
Effects of:		
Non-taxable income and non-deductible expenses	**(1.3)**	(0.1)
Group relief	**(2.4)**	
Deferred tax recognised at a different rate	**(1.1)**	-
Effect of changes in tax rate	**(0.8)**	(0.4)
	7.3	1.6

*Following transition to FRS 102, please see note 28 for further details.

C. Factors that may affect future tax charges

The Corporation Tax main rate has been maintained at 19% (2021 effective rate: 19.00%). An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted in the Finance Bill 2021 on 24 May 2021.

13. Tangible assets

Tangible assets comprise office equipment.

	Total £000
Cost	
At 1 January 2021	**-**
Additions	**89**
At 30 June 2022	**89**
Depreciation	
At 1 January 2021	**-**
Charge for the period	**22**
At 30 June 2022	**22**
Net book value	
At 30 June 2022	**67**
At 31 December 2021	**-**

14. Investments

Investments comprise shareholdings in subsidiaries and other minority shareholdings.

The Company owns the entirety of the issued Ordinary share capital of PEAC (BF1) limited (formerly BMBF (No.24) Limited), a company incorporated in England and Wales whose registered office is the same as the Company's, whose principal activity is that of an asset leasing company.

At 30 June 2022 this was held at cost at £5,350 (31 December 2020: £5,403).

15. Cash and cash equivalents

Included in cash and cash equivalents is an amount of £26.9m, relating to bank financing security reserves and advance bank funding for lease purchases, which is restricted (31 December 2020: £Nil).

16. Debtors

	30 June 2022 £m	31 December 2020 as restated* £m
Amounts due after one year		
Net investment in finance lease and hire purchase	**519.2**	577.4
Loans receivable	**19.4**	-
Bad debt provision	**(2.5)**	(1.3)
Prepayments	**0.8**	-
	536.9	576.1
Amounts due within one year		
Net investment in finance lease and hire purchase	**302.6**	431.1
Loans receivable	**11.5**	
Trade debtors	**4.9**	-
Bad debt provision	**(4.6)**	(4.6)
Amounts due from group undertakings**	**91.1**	133.1
Derivative financial instruments	**36.0**	0.2
Prepayments	**1.8**	-
Other debtors	**2.3**	0.2
	445.6	560.0

*Following transition to FRS 102, please see note 28 for further details.

**Amounts due from group undertakings includes amounts owed by the Barclays Group for the prior year and the PEAC Group for the current period.

An analysis of finance lease and hire purchase receivables is as follows:

	30 June 2022 £m	31 December 2020 £m
Reconciliation of gross investment and present value of minimum lease payments		
Gross investment in finance lease and hire purchase	**872.8**	1,068.8
Finance charges allocated to future years	**(51.0)**	(60.3)
	821.8	1,008.5
Gross investment in finances lease and hire purchase		
Less than one year	**325.2**	456.9
Between one and five years	**524.3**	591.6
Over five years	**23.3**	20.3
	872.8	1,068.8

PEAC Business Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

16. Debtors (continued)

	30 June 2022	31 December 2020
	£m	£m
Present value of minimum lease payments receivable		
Less than one year	**302.6**	431.1
Between one and five years	**496.9**	558.2
Over five years	**22.3**	19.2
	821.8	1,008.5
Residual values included in net investment in finance lease and hire purchase		
Less than one year	**58.2**	62.5
Between one and five years	**136.9**	122.2
Over five years	**7.1**	11.6
	202.2	196.3

Included in debtors at 30 June 2022 are portfolios of lease and loan receivables with a total net present value of £839.5m (31 December 2020: £Nil) sold to two fellow subsidiaries under securitisation structures set up on 30 June 2021.

The directors have concluded that the Company retains all significant risks and rewards associated with the receivables and accordingly these assets continue to be recognised in the Company's financial statements and the financial liabilities were also recognised in respect of the related funding received, see Loan note facilities in Note 18.

17. Provision for bad debts

	30 June 2022	31 December 2020
	£m	£m
Opening balance	**(5.9)**	(0.7)
Movement in the period	**(1.2)**	(5.2)
Closing balance	**(7.1)**	(5.9)
Amount falling due within one year	**(4.6)**	(4.6)
Amounts falling after one year	**(2.5)**	(1.3)
	(7.1)	(5.9)

18. Creditors

	30 June 2022	31 December 2020
	£m	£m
Amounts due within one year		
Trade creditors	(12.7)	-
Bank overdrafts	-	(917.9)
Amounts owed to group undertakings*	(8.6)	(28.6)
Loan note facility	(351.0)	-
Corporation tax	(12.5)	(6.1)
Other taxation	(5.2)	(6.0)
Derivative financial liabilities	-	(10.3)
Accruals	(2.1)	(0.7)
Other creditors	(5.9)	(1.9)
	(398.0)	(971.5)
Amounts due over one year		
Loan note facility	(518.9)	-
Maturity of floating rate loan notes		
Less than one year	(351.0)	-
Between one and five years	(498.5)	-
Over five years	(20.4)	-
	(869.9)	-

*Amounts owed to group undertakings includes amounts owed by the Barclays Group for the prior year and the PEAC Group for the current period.

19. Provisions for liabilities

	Deferred tax	Post-retirement benefits	Total
	£m	£m	£m
At the start of the period	(3.6)	(8.5)	(12.1)
Provision movements	3.6	8.5	12.1
	-	-	-

Following the acquisition of the Company by the PEAC group, the Company is no longer a member of the schemes (see note 25).

Further details on deferred tax can be found in note 20.

PEAC Business Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

20. Deferred taxation

Deferred taxation assets/(liabilities) recognised are as follows:

	30 June 2022	31 December 2020
	£m	£m
Deferred tax assets		
Fixed asset timing difference	**7.5**	6.0
		-
	7.5	6.0
Deferred tax liabilities		
Other short term timing differences	**-**	(3.6)
	-	(3.6)
Total deferred tax	**7.5**	2.4
Deferred tax not recognised	**0.2**	0.2

It is estimated that £nil of the deferred tax balance recognised will reverse in the next 12 months (31 December 2020: £3.6k) on the reversal of capital allowances and other short term timing differences. The deferred tax balances may be carried forward indefinitely under current law. Deferred tax not recognised relates to capital losses carried forward which the company do not currently expect to utilise.

21. Financial instruments

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

	30 June 2022	Year ended 31 December 2020
	£m	£m
Financial assets		
Financial assets measured at fair value through profit or loss	**36.0**	0.2
Financial assets measured at amortised costs	**1,029.6**	1,141.8
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	**-**	10.3
Financial liabilities measured at amortised cost	**899.2**	949.1

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

Financial liabilities measured at amortised costs comprise trade creditors, amounts due to group undertakings, loan note facilities accruals and other creditors.

Financial assets and liabilities measured at fair value through profit or loss include derivative financial instruments. Under FRS 102, PBF categorises the inputs as level 3. Information regarding the Company's exposure to and management of credit risk, liquidity risk, market interest rate risk, and foreign exchange risk is included in the Strategic report.

PEAC Business Finance Limited

NOTES TO THE FINANCIAL STATEMENTS

22. Share capital and reserves

A. Share capital

	30 June 2022 No.	**30 June 2022 £m**	31 December 2020 No.	31 December 2020 £m
Allotted, called up and fully paid				
Ordinary share of £1 each	**94m**	**94**	94m	94

The Company has one class of Ordinary shares which carry voting rights but no fixed income.

B. Profit and loss account

The profit and loss account represents cumulative profits and losses net of any dividends.

C. Retirement benefit remeasurement reserve

Until the Company was acquired by PEAC Business Finance Holdings Limited, it was a member of the post retirement benefit schemed offered by Barclays PLC. The retirement benefit remeasurement reserve represents changes in pension scheme assets or liabilities comprised of experience adjustments (differences between previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In line with FRS 102, this is not reclassed to the profit and loss in future years and on acquisition the balance was reclassed to the profit and loss reserve.

23. Operating lease commitments

The outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date are as follows:

Land and buildings	**30 June 2022 £m**	**31 December 2020 £m**
Within one year	**0.1**	-
Between one and five years	**-**	-
	0.1	-

24. Related party transactions

The Company has also taken advantage of the exemption, under FRS 102 paragraph 33.1A, from disclosing related party transactions with other companies that are wholly owned within a Group.

NOTES TO THE FINANCIAL STATEMENTS

25. Controlling parties

On 30 June 2021 the Company's entire shareholding was purchased from its immediate parent company, Barclays Principal Investments Limited, by PEAC Business Finance Holdings Limited, a Company incorporated in the United Kingdom, which became the immediate parent company. Copies of its financial statements are available from Inspired, Easthampstead Road, Bracknell, RG12 1YQ, United Kingdom.

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

The Company's ultimate controlling party is HPS Investment Partners, LLC, a company incorporated in the United States.

26. Subsequent events

Non-adjusting events
On 21 December 2022 the Company entered into a secured revolving loan facility, alongside other group companies, with Societe Generale.

On 16 June 2023 the revolving securitisation facility the Company is part to was renewed and the new revolving period ends 16 June 2025 after which the facility goes amortisation in line with the lease portfolio.

27. Retirement benefit obligations

Until the Company was acquired by PEAC Business Finance Holdings Limited, it was a member of the post retirement benefit schemed offered by Barclays PLC. There were no contractual arrangements between the Company and Barclays Bank PLC to charge the net defined benefit costs arising in this scheme. The Company recognised as a pension expense an allocation of the group charge, which was determined based on pensionable salaries of the Company's employees.

Pension schemes

A. UK Retirement Fund (UKRF)

The UKRF is the Group's main scheme, representing 97% of the Group's total retirement benefit obligations. The UKRF was closed to new entrants on 1 October 2012, and comprises ten sections, the most significant of which are:

i. Afterwork, which comprises a contributory cash balance defined benefit element, and a voluntary defined contribution element. The cash balance element is accrued each year and revalued until Normal Retirement Age in line with the increase in Retail Price Index (RPI) (up to a maximum of 5% p.a.). An investment related increase of up to 2% a year may also be added at Barclays' discretion. The costs of ill-health retirements and death in service benefits for Afterwork members are borne by the UKRF. The main risks that Barclays runs in relation to Afterwork are limited to needing to make additional contributions if pre-retirement investment returns are not sufficient to provide for the benefits.

ii. The 1964 Pension Scheme. Most employees recruited before July 1997 built up, benefits in this non-contributory defined benefit scheme in respect of service up to 31 March 2010. Pensions were calculated by reference to service and pensionable salary. From 1 April 2010, members became eligible to accrue future service benefits in either Afterwork or the Pension Investment Plan (PIP), a historic defined contribution section which is now closed to future contributions. The risks that Barclays runs in relation to the 1964 section are typical of final salary pension schemes, principally that investment returns fall short of expectations, that inflation exceeds expectations, and that retirees live longer than expected.

27. Retirement benefit obligations (continued)

A. Barclays Pension Savings Plan (BPSP)

From 1 October 2012 a new UK pension scheme, the BPSP, was established to satisfy Auto Enrolment legislation. The BPSP is a defined contribution scheme (Group Personal Pension) providing benefits for all new Barclays UK hires from 1 October 2012, Investment Bank UK employees who were in PIP as at 1 October 2012, and also all UK employees who were not members of a pension scheme as at that date. As a defined contribution plan, BPSP is not subject to the same investment return, inflation or longevity risks that defined benefit plans face. Members' benefits reflect contributions paid and the level of investment returns achieved.

The Barclays Healthcare Trust provides private medical benefits for those former Barclays employees (including Barclays Asset Finance) who had a certain managerial grade as at 1st January 1991 and who left Barclays with an immediate pension before 30th June 1999. The benefit is funded by the Barclays Healthcare Trust and is administered by AXA PPP Healthcare Administration Services Limited.

28. Transition to FRS 102

Following the Company's acquisition by the PEAC group, the directors have taken the decision to change accounting standard adopted by the Company from International Financial Reporting Standards ("IFRS") to FRS 102 in order to align with the wider group. In accordance with section 35 of FRS 102, the date of transition is deemed to be 1 January 2020, being the beginning of the earliest period for which the Company is presenting full comparative information.

Section 35 requires that an entity, in its opening statement of financial position shall;

- recognise all assets and liabilities whose recognition is required by this FRS;
- not recognise items as assets or liabilities if this FRS does not permit such recognition;
- reclassify items that it recognised under its previous financial reporting framework as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under this FRS; and
- apply this FRS in measuring all recognised assets and liabilities.

In carrying out the transition, the Company has considered all elements included in the financial statements as shown in the table below. The associated accounting policies have also been considered. The Company has concluded that the only significant change arises from the move from an expected credit loss model to an incurred loss model on transition from IFRS to FRS 102 sections 11 and 12.

Financial statement line	**Impacts noted**
Tangible assets	No impacts noted
Investments in subsidiaries	No impacts noted
Finance lease receivables and revenues	No impacts noted
Basic financial instruments, excluding credit loss provisions (e.g debtors / creditors etc.)	[1]No impacts noted other than reduced disclosure requirements
Credit loss provisions	[2]Significant impact
Derivative financial instruments	[1]No impacts noted
Tax balances and charges	No impacts noted other than reduced disclosure requirements
Employee benefits	No impacts noted
Other profit and loss related items	No impacts noted

[1]Due to the nature of the financial instruments held by the Company, it was noted that even though many of the principles (such as fair value hierarchy) have changed there has been no overall impact following the transition from IFRS 9 to FRS 102.

28. Transition to FRS 102 (continued)

[2] Under IFRS the Company was required to apply an expected credit loss model in relation to financial assets, as prescribed by IFRS 9, which is based on the premise of providing for losses that are expected but have not yet occurred. FRS 102 applies the incurred loss model where losses are only provided for when a loss event has taken place. In transitioning to FRS 102 amounts related to expected losses where no loss event has occurred have been reversed.

The impacts of the transition at the date of transition and on the prior period are provided below. Where adjustments have arisen as a result of transactions, other events or conditions before the date of transition, their impact has been recognised directly in retained earnings at the date of transition.

A. Reconciliation of equity

	1 January 2020 £m	31 December 2020 £m
Capital and reserves as previously stated	144.6	143.1
Removal of expected credit losses[2]	4.4	19.0
Deferred tax recognised on transition	(0.8)	(3.6)
Capital and reserves as restated	148.2	158.5

B. Reconciliation of profit or loss

	Year ended 31 December 2020 £m
Loss after tax as previously stated	(2.4)
Removal of expected credit losses[2]	14.6
Deferred tax recognised on transition	(2.8)
Profit after tax as restated	9.4