

UIL Finance Limited

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2024

UIL Finance Limited

REPORT AND ACCOUNTS for the year ended 30 June 2024

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UIL Finance Limited

COMPANY DIRECTORY

Registered Office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Directors	Stuart Bridges (Chairman) Peter Durhager Alison Hill David Shillson
Company Number	39479
Legal Entity Identifier	213800JPJWZ5P3QJX538
Auditor	KPMG Audit Limited Crown House 4 Par-la-Ville Road Hamilton HM 08 Bermuda
Date of Formation	17 January 2007
Nature of Business	Closed end investment company
Ordinary Shareholder and Parent Company	UIL Limited

UIL Finance Limited

STRATEGIC REPORT

The Strategic Report is designed to provide shareholders with an insight into the operations of the Company during the period. In particular, it gives information on:

- the Company's objective and investment policy;
- the regulatory and competitive environment within which the Company operates;
- the Board's strategy for achieving its stated objectives;
- principal risks and risk management; and
- key performance indicators.

Objective

The Company's investment objective is to finance and fund the final capital entitlements of the zero dividend preference ("ZDP") shares.

Investment policy

The Company seeks to fund the final capital entitlements of the ZDP shares by lending current asset funds to its parent company, UIL Limited.

Regulatory and competitive environment

The Company is obliged to comply with Bermuda law, the Listing Rules of the Financial Conduct Authority and International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company is exempt from taxation, except insofar as it is withheld from income received. Under Bermuda law, the Company may not distribute income by way of a dividend unless, after distribution of the dividend, the realisable value of the Company's assets would be greater than the aggregate of its liabilities. ICM Investment Management Limited ("ICMIM") is the Alternative Investment Fund Manager of UIL Limited and joint investment manager with ICM Limited ("ICM"). ICM is the company secretary.

Strategy for achieving objectives

The Company's performance in pursuing its objective is based on the ability of its parent company to repay the intra-group loan to the Company. UIL Limited has provided an undertaking to provide sufficient funds to the Company to meet each redemption as it falls due.

Principal risks

The principal underlying risk of the Company continues to relate to its ability to repay the ZDP shares when they fall due. This is dependent on the asset performance of the parent company. As at 30 June 2024, the parent company had net assets of £136,927,000 (2023: £167,078,000) after providing for amounts due to ZDP shareholders. Details of the ZDP shares are set out in note 8 to the accounts.

A further risk faced by the Company is that of a regulatory nature. A regulatory or legal breach could lead to financial penalties or a qualified audit report. The Company uses all reasonable efforts to ensure that the Company adheres to the relevant statutory and regulatory requirements.

Key Performance Indicators

The Board assesses the Company's success in pursuing its objectives in the ability to provide for the amounts due to the ZDP shareholders which is based on the ability of its parent company to repay the intra-group loan to the Company. The KPIs for the parent company can be found in UIL Limited's Annual Report.

This Strategic Report was approved by the Board of Directors on 8 October 2024.

ICM Limited

Company Secretary

8 October 2024

UIL Finance Limited

DIRECTORS' REPORT

The Directors present their report and accounts of the Company for the year ended 30 June 2024.

Principal activity and status

UIL Finance Limited (the "Company" or "UIL Finance") is a Bermuda exempted, closed ended investment company with company registration number 39479. The Company's issued ZDP shares are listed in the non-equity shares and non-voting equity shares category of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange.

Corporate Governance

Bermuda does not have its own corporate governance code and, since the Company has a listing in the non-equity shares and non-voting equity shares category of the Official List of the Financial Conduct Authority, the Company is not required to comply or provide an explanation for any non-compliance with the UK Corporate Governance Code issued by the Financial Reporting Council.

The Board meets at least twice a year to consider strategic affairs and to approve the half yearly report and the annual report and accounts.

In the Directors' opinion, the interests of the Company and its shareholders are adequately covered by the governance procedures applicable to its parent company, UIL Limited. For example, UIL Limited's Audit & Risk Committee considers the financial reporting procedures and oversees the internal control and risk management systems for the Group as a whole and the Directors see no benefit in convening a separate Audit Committee or any other committee for the Company. An overview of the Group's internal control and risk management systems are set out in UIL Limited's report and accounts.

Board Diversity

Listing Rule 16.3.29R requires companies to report against the following three diversity targets:

- (i) At least 40% of individuals on the board are women;
- (ii) At least one of the senior board positions (defined in the Listing Rules as the chair, CEO, SID and CFO) is held by a woman; and
- (iii) At least one individual on the board is from a minority ethnic background.

As at 30 June 2024, the Company's Board consists of three men and one woman, all of whom are White British or other White, and UIL Finance does not comply with targets (i) and (iii). As provided for in the Listing Rules, investment companies do not need to report against target (ii) if it is inapplicable. The Board believes that, since UIL Finance is an investment company which does not have executive management functions, including the roles of CEO or CFO, this target is not applicable.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end. Whilst the current composition of the Board does not satisfy targets (i) and (iii), the Board will continue to have regard to boardroom diversity, including gender and ethnicity, during its consideration of succession planning and future Board appointments.

Results and Dividends

The results for the year are set out in the attached accounts which are prepared on a going concern basis and as set out in note 14, the Directors believe that it is appropriate to adopt the going concern basis in preparing the accounts as the Company can continue to operate due to the contractual obligation of the parent company to ensure that UIL Finance is able to redeem the ZDP shares on each repayment date and the Directors are comfortable that the parent company has the financial resources to do so.

The Company has not declared a dividend in respect of the year ended 30 June 2024 (2023: nil).

Directors

The following Directors held office throughout the year, unless otherwise stated:

Stuart Bridges (Chairman*)

Peter Burrows (retired 31 March 2024)

Peter Durhager (appointed 31 March 2024)

Alison Hill

David Shillson

*Peter Burrows served as Chairman of the Company until his retirement from the Board on 31 March 2024 and Stuart Bridges took on the role of Chairman from that date.

Directors' Disclosures

As at 30 June 2024, no Director had any interest in the Company's shares (2023: none). No Director acquired or disposed of any interest in the shares in the Company during the year or since the year end.

Election and re-election of Directors

The Company's Bye-laws require that a Director be subject to election at the first AGM after appointment and shall retire and be subject to re-election at least every three years thereafter. However, the directors have voluntarily agreed to be subject to annual re-election. Consequently, at the forthcoming AGM Mr Durhager will stand for election and Mr Bridges, Ms Hill and Mr Shillson will stand for re-election.

The Board has considered the election and re-election of all the Directors individually and has reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. Following an appraisal of the performance of each of the Directors, the Board believes that these Directors make a valuable contribution based on their individual skills, knowledge and experience. They have commitment to their roles and the Board believes that their election and re-election would be in the best interests of the Company.

Each Director has signed a letter of appointment setting out the terms of their engagement as a Director, but does not have a service agreement with the Company.

Board Meetings

The Board meets at least twice a year to consider strategic affairs and to approve the half yearly report and the annual report and accounts. In view of the nature of the Company's business the Board does not consider it necessary to appoint a separate audit committee or nominations committee.

Directors' Remuneration

No Director received or is entitled to receive any remuneration from the Company.

Zero dividend preference shares

Full details of the changes to the Company's authorised and issued zero dividend preference shares during the year can be found in note 8 to the accounts.

Ordinary Share Capital

Full details of the changes to the Company's authorised and issued ordinary share capital during the year can be found in note 9 to the accounts.

Ordinary shares of UIL Limited

Ordinary shares of UIL Limited rank behind the ZDP shares on a winding up of the Company and UIL Limited, together referred to as the Group (save for any undistributed revenue reserves of UIL Limited on a winding up).

Auditor

In June 2024 it was decided to appoint KPMG Audit Limited (“KPMG”) as auditor of the Company, replacing KPMG LLP which had been appointed auditor in 2012 following a competitive tender process. The audit partner has rotated regularly. Mr Bron Turner was appointed the lead audit partner in 2024 and his predecessor, John Waterson of KPMG LLP, acted as audit partner since 2020.

Audit fees relating to the year amounted to £8,000 (2023: £7,500) and were settled by the parent company, UIL Limited.

No fees were paid or payable to KPMG for non-audit work for the year under review (2023: £nil).

Audit Information and Auditor

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

By order of the Board

**ICM Limited,
Secretary
8 October 2024**

STATEMENT OF DIRECTORS' RESPONSIBILITIES in respect of the Report and Accounts

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

The Directors are required to prepare Company financial statements for each financial year. They have elected to prepare the financial statements in accordance with IFRS Accounting Standards and applicable 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 for that period. 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, relevant and reliable;
- state whether they have been prepared in accordance with applicable accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1981 of Bermuda. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK and Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report and Director' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board on 8 October 2024 and signed on its behalf by:

Stuart Bridges
Chairman



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Independent Auditor's Report

To the Shareholder and Board of Directors of UIL Finance Limited

Opinion

We have audited the financial statements of UIL Finance Limited ("the Company"), which comprise the statement of financial position as at 30 June 2024, income statement, the statements of changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2024, and its financial performance for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The matter referred to below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recoverability of loan to UIL Limited (the 'Parent Company')

As presented in the Material Accounting Policies in Note 1 (h) and in Note 7 to the financial statements, the Company has £103.615 million due from the Parent Company (2023: £98.222 million).

The risk

The carrying amount of the loan to the Parent Company represents 100% (2023: 100%) of the Company's total assets. The recoverability of this loan, given that it represents a significant amount of the Company's total assets, is a significant area of our audit.

Our response

Our procedures included:

- Obtaining external confirmation of the loan with the Parent Company as of the reporting date.
- Inspecting the Parent Company's audited financial statements to ensure positive net asset value for determining the loan cover ratio as of the reporting date.
- Inspecting the Parent Company's cash flow projections to assess its ability to repay its obligations as they fall due, including challenging key judgements and assumptions made in these projections.
- Assessing the adequacy of the Company's disclosures in respect of the loan balance.

Other matter

The financial statements of the Company for the year ended 30 June 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 22 September 2023.

Other information

Management is responsible for the other information. The other information comprises the strategic report, directors' report and the statement of directors' responsibilities but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 auditors' 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's Shareholder and Board of Directors. Our audit work has been undertaken so that we might state to the Company's Shareholder and Board of Directors 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 Shareholder and Board of Directors, as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Bron Turner.

Chartered Professional Accountants
Hamilton, Bermuda

8 October 2024

INCOME STATEMENT

		Year to 30 June 2024 £'000s	Year to 30 June 2023 £'000s
	Note		
Income	2	5,393	6,260
Total income		5,393	6,260
Other expenses		-	-
Profit before finance costs and taxation		5,393	6,260
Finance costs	3	(5,393)	(6,260)
Result before taxation		-	-
Taxation	4	-	-
Result for the year		-	-
Earnings per share – pence	5	-	-

The Company does not have any income or expense that is not included in the result for the year and therefore the result for the year is also the total comprehensive income for the year, as defined in International Accounting Standard 1 (revised).

All items in the above statement are derived from continuing operations.

The notes on pages 13 to 21 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

There are no movements in equity.

STATEMENT OF CASH FLOWS

There were no cash flows in the period and therefore a cash flow statement has not been prepared.

UIL Finance Limited

STATEMENT OF FINANCIAL POSITION

As at 30 June		2024	2023
	Note	£'000s	£'000s
Non-current assets			
Other receivables	7	62,837	98,222
Current assets			
Other receivables	7	40,778	-
Current liabilities			
Zero dividend preference shares	8	(40,778)	-
Total assets less current liabilities		62,837	98,222
Non-current liabilities			
Zero dividend preference shares	8	(62,837)	(98,222)
Net assets		-	-
Equity attributable to equity holders			
Ordinary share capital	9	-	-

Approved by the Board on 8 October 2024 and signed on its behalf by

Stuart Bridges
Chairman

The notes on pages 13 to 21 form part of these financial statements.

NOTES TO THE ACCOUNTS for the year to 30 June 2024

The Company is an investment company incorporated in Bermuda on 17 January 2007.

1. Material accounting policies

(a) Basis of accounting

The financial statements of the Company have been prepared on a going concern basis (see note 14) in accordance with IFRS Accounting Standards (2023: UK adopted international accounting standards).

There have been no significant changes to the accounting policies during the year to 30 June 2024.

The revised IAS 1 Amendments - Disclosure of Accounting Policies (effective from 1 January 2023) is applicable in the current year. The application has not had any significant impact on the amounts reported in these financial statements.

A number of new standards and amendments to standards and interpretations, which have not been applied in preparing these accounts, were in issue but not effective. None of these are expected to have a material effect on the accounts of the Company.

(b) Zero dividend preference shares

The ZDP shares, due to be redeemed on 31 October 2024, 2026 and 2028, at a redemption value, including accrued capitalised returns of 138.35 pence per share, 151.50 pence per share and 152.29 pence per share respectively, have been classified as liabilities, as they represent an obligation on behalf of the Company to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost, using the effective interest method as per the requirements of IFRS 9 "Financial Instruments", even though under Bermuda company law ZDP shares are required to be recognised as share capital in the Company.

(c) Cash flow statement

There were no cash flows in the period or in the prior year and therefore a cash flow statement has not been prepared. All transaction movements were through the intra-group loan account.

(d) Foreign currency

The functional and reporting currency is pounds sterling because the Company's ZDP share capital was raised, and will be repaid, in pounds sterling, and has been lent to, and will be repaid, by the parent company, in that currency.

(e) Income

(i) Interest income

Interest on debt is accrued on a time basis using the effective interest method, calculated by accreting the initial recognition of the inter-company loan at present value (loan and contribution by the parent) to the final amount receivable at maturity.

(ii) Other income

The parent's contribution towards the issue costs of the ZDP shares and redemption proceeds is accrued on a time basis, calculated by amortising the issue costs over the life of the loan.

(f) Expenses

The Company incurs no expenses other than finance costs. The Directors are not entitled to receive any remuneration and all other expenses relating to the Company are paid in full by the parent company.

NOTES TO THE ACCOUNTS (CONTINUED)

1. Accounting policies (continued)

(g) Finance costs

Finance costs are accounted for on an effective interest method.

(h) Inter company loans

UIL Limited has undertaken (i) to repay any interest free loan, and (ii) to reimburse the Company (by way of payment in advance, if required) any and all costs, expenses, fees or interest the Company incurs or is otherwise liable to pay to the holder of the ZDP shares so as to enable the Company to pay the final capital entitlement of each class of ZDP share on their respective redemption date. The amount owed in the accounts is based on the entitlements of the ZDP shareholders at the relevant date. The inter company loans are accordingly accounted for at amortised cost, using the effective interest method and were assessed for credit risk under the new IFRS 9 methodology and evaluated as having no significant credit risk. Therefore, no amounts were recognised as an impairment provision.

(i) Use of judgements, estimates and assumptions

The presentation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates. The area requiring the most significant judgement and estimation in the preparation of the financial statements is the accounting through the Income Statement of the parent contribution to UIL Finance to enable UIL Finance to repay the ZDP shareholders on each repayment date. The parent's contribution towards the issue cost of the ZDP shares and redemption proceeds has been treated through the Income Statement and recognised over the life of the loan as UIL Finance provides financing services to UIL Limited and in return is due to receive reimbursement of any costs and expense as and when they fall due. The policy for interest income, including the allocation and recognition of the parent contributions, is set out in note 1(e) to the accounts.

2. Income

	2024	2023
	£'000s	£'000s
Interest income	5,051	5,910
Other income	342	350
	5,393	6,260

3. Finance costs

	2024	2023
	£'000s	£'000s
ZDP shares	5,393	6,260

4. Taxation

The profits for the year (and 2023) are not subject to any taxation. The Company is not in scope for Bermuda Corporate Income Tax Act 2023.

UIL Finance Limited

NOTES TO THE ACCOUNTS (CONTINUED)

5. Earnings per share

The calculation of earnings per share is based on a result after tax for the period of £nil (2023: £nil) and a weighted average number of 10 ordinary shares in issue during the year (2023: 10 ordinary shares in issue during the year).

6. Dividends

There were no dividends paid or declared in respect of the year (2023: nil).

7. Other receivables

	2024	2023
	£'000s	£'000s
Loan to parent company - UIL Limited		
- Receivable within one year	40,778	-
- Receivable after more than one year	62,837	98,222
	103,615	98,222

The loan is repayable on the date the underlying ZDP shares are redeemed.

8. Zero dividend preference shares

	30 June	30 June
	2024	2023
	£'000s	£'000s
ZDP shares – current liabilities		
2024 ZDP shares	40,778	-
ZDP shares – non-current liabilities		
2024 ZDP shares	-	38,765
2026 ZDP shares	33,635	31,979
2028 ZDP shares	29,202	27,478
	62,837	98,222
Total ZDP shares liabilities	103,615	98,222

Authorised ZDP shares of the Company as at 30 June 2024 and 30 June 2023 are as follows:

	Number	£'000s
2022 ZDP shares of 5.3180p each	63,686,754	3,387
2024 ZDP shares of 3.8025p each	76,717,291	2,917
2026 ZDP shares of 10p each	25,000,000	2,500
2028 ZDP shares of 3.8676p each	44,842,717	1,734

UIL Finance Limited

NOTES TO THE ACCOUNTS (CONTINUED)

8. Zero dividend preference shares (continued)

ZDP shares issued by the Company are as follows:

Year to 30 June 2024

		Balance as at 30 June 2023	Finance costs	Balance as at 30 June 2024
2024	Number	30,000,000	-	30,000,000
	£'000s	38,765	2,013	40,778
2026	Number	25,000,000	-	25,000,000
	£'000s	31,979	1,656	33,635
2028	Number	25,000,000	-	25,000,000
	£'000s	27,478	1,724	29,202
Total	£'000s	98,222	5,393	103,615

Year to 30 June 2023

		Balance as at 30 June 2022	Redemption of ZDP shares	Finance costs	Balance as at 30 June 2023
2022	Number	35,569,069	(35,569,069)	-	-
	£'000s	51,166	(52,283)	1,117	-
2024	Number	30,000,000	-	-	30,000,000
	£'000s	36,833	-	1,932	38,765
2026	Number	25,000,000	-	-	25,000,000
	£'000s	30,397	-	1,582	31,979
2028	Number	25,000,000	-	-	25,000,000
	£'000s	25,849	-	1,629	27,478
Total	£'000s	144,245	(52,283)	6,260	98,222

On 31 October 2022 the 35,569,069 2022 ZDP shares that were in issue were redeemed at 146.99p per 2022 ZDP share.

UIL Limited held 2,309,620 2026 ZDP shares as at 30 June 2024 and 30 June 2023.

UIL Limited held 583,735 2028 ZDP shares as at 30 June 2024 and 30 June 2023.

2024 ZDP shares

Based on the initial entitlement of a 2024 ZDP share of 100p on 2 November 2018, a 2024 ZDP share will have a final capital entitlement at the end of its life on 31 October 2024 of 138.35p equating to a 4.75% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2024 ZDP share as at 30 June 2024 was 136.15p (2023: 130.04p).

2026 ZDP shares

Based on the initial entitlement of a 2026 ZDP share of 100p on 26 April 2018, a 2026 ZDP share will have a final capital entitlement at the end of its life on 31 October 2026 of 151.50p equating to a 5.00% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2026 ZDP share as at 30 June 2024 was 135.15p (2023: 128.75p).

NOTES TO THE ACCOUNTS (CONTINUED)

8. Zero dividend preference shares (continued)

2028 ZDP shares

Based on the initial entitlement of a 2028 ZDP share of 100p on 23 April 2021, a 2028 ZDP share will have a final capital entitlement at the end of its life on 31 October 2028 of 152.29p equating to a 5.75% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2028 ZDP share as at 30 June 2024 was 119.49p (2023: 113.02p).

The ZDP shares are listed in the Non-equity shares and non-voting equity shares category of the Official List and to trading on the London Stock Exchange and are stated at amortised cost using the effective interest method. The ZDP shares carry no entitlement to income however they have a pre-determined final capital entitlement which ranks behind all other liabilities and creditors of the Company and UIL Limited but in priority to the ordinary shares of the Company and UIL Limited save in respect of certain winding up revenue profits of UIL Limited.

The growth of each ZDP share accrues daily and is reflected in the return and net asset value per ZDP share on an effective interest method. The ZDP shares do not carry any voting rights at general meetings of the Company. However, the Company will not be able to carry out certain corporate actions unless it obtains the separate approval of the ZDP shareholders (treated as a single class) at a separate meeting. Separate approval of each class of ZDP shareholders must be obtained in respect of any proposals which would affect their respective rights, including any resolution to wind up the Company. In addition the approval of ZDP shareholders by the passing of a special resolution at separate class meetings of the ZDP shareholders is required in relation to any proposal to modify, alter or abrogate the rights attaching to any class of the ZDP shares and in relation to any proposal by the Company or its parent company which would reduce the Group's cover of the existing ZDP shares below 1.35 times.

On a liquidation of UIL Limited and/or the Company, to the extent that the relevant classes of ZDP shares have not already been redeemed, the shares shall rank in the following order of priority in relation to the repayment of their accrued capital entitlement as at the date of liquidation:

- (i) the 2024 ZDP shares shall rank in priority to the 2026 ZDP shares and the 2028 ZDP shares; and
- (ii) the 2026 ZDP shares shall rank in priority to the 2028 ZDP shares.

The entitlement of ZDP Shareholders of a particular class shall be determined in proportion to their holdings of ZDP shares of that class.

9. Ordinary share capital

	Number	£
Authorised		
Ordinary shares of 10p each	10	1
Issued and nil paid		
Balance as at 30 June 2024 and 30 June 2023	10	-

In addition to receiving any income distributed by way of dividend, the ordinary shareholders will be entitled to all surplus assets after payment of all debts, including ZDP shares.

Net asset value per ordinary share is £nil (30 June 2023: £nil) based on 10 shares in issue.

UIL Finance Limited

NOTES TO THE ACCOUNTS (CONTINUED)

10. Parent company

UIL Limited, incorporated in Bermuda, is the parent company of the Company, holding 100% of the nil paid ordinary shares.

In the opinion of the Directors, the Company's ultimate parent undertaking is Somers Isles Private Trust Company Limited ("SIPTCL"), a company incorporated in Bermuda and owned by Mr Duncan Saville.

11. Related party transactions

UIL Limited, SIPTCL, General Provincial Life Pension Fund Limited which holds 65.4% of UIL Limited shares and ultimately controlled by SIPTCL and the Board of the Company are considered related parties. Amounts owing from related parties are disclosed in the financial statements in note 7, ZDP shares issued to UIL Limited are disclosed in note 8 and interest from related parties is disclosed in note 2.

12. Operating segments

The Directors are of the opinion that the Company's activities comprise a single business segment of financing the Company's ZDP shares debt by lending funds to its parent company and therefore no segmental reporting is provided.

13. Financial risk management

The Board of Directors is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in the interest rate exposure and credit risk management sections below.

The accounting policies which govern the reported Statement of Financial Position carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the accounts. The policies are in compliance with IFRSs and best practice and include the valuation of financial assets at fair value and the ZDP shares and the inter-company loan at amortised cost.

Interest Rate exposure

The exposure of the financial assets and liabilities to interest risks is shown below:

	Total	Within	More than
	£'000s	one year	one year
30 June 2024	£'000s	£'000s	£'000s
Exposure to fixed rates			
Zero dividend preference shares	(103,615)	(40,778)	(62,837)
Loan to parent company - UIL Limited	103,615	40,778	62,837
Net exposures			
At year end	-	-	-
Maximum in year	-	-	-
Minimum in year	-	-	-

NOTES TO THE ACCOUNTS (CONTINUED)

13. Financial Risk Management (continued)

30 June 2023	Total £'000s	Within one year £'000s	More than one year £'000s
Exposure to fixed rates			
Zero dividend preference shares	(98,222)	-	(98,222)
Loan to parent company - UIL Limited	98,222	-	98,222
Net exposures			
At year end	-	-	-
Maximum in year	-	-	-
Minimum in year	-	-	-

Credit Risk exposure

The Company's financial asset is the loan from UIL Limited, repayable so as to enable the Company to pay the final capital entitlement of each class of ZDP share on their respective redemption date. The Company is exposed to potential failure by its parent company to settle the ZDP share liability on behalf of the Company on the respective repayment dates. The Board assesses this risk at each Board meeting, monitoring UIL Limited's gross assets coverage of the ZDP shares liabilities.

2024 ZDP shares

Based on their final entitlement of 138.35p per share, the final entitlement of the 2024 ZDP shares was covered 5.49 times by UIL Limited's gross assets as at 30 June 2024. Should gross assets fall by 81.8% over the remaining life of the 2024 ZDP shares, then the 2024 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 98.8%, the 2024 ZDP shares would receive no payment at the end of their life.

2026 ZDP shares

Based on their final entitlement of 151.50p per share, the final entitlement of the 2026 ZDP shares was covered 2.96 times by UIL Limited's gross assets as at 30 June 2024. Should gross assets fall by 66.2% over the remaining life of the 2026 ZDP shares, then the 2026 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 81.8%, equivalent to an annual fall of 51.8%, the 2026 ZDP shares would receive no payment at the end of their life.

2028 ZDP shares

Based on their final entitlement of 152.29p per share, the final entitlement of the 2028 ZDP shares was covered 2.02 times by UIL Limited's gross assets as at 30 June 2024. Should gross assets fall by 50.6% over the remaining life of the 2028 ZDP shares, then the 2028 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 66.2%, equivalent to an annual fall of 22.1%, the 2028 ZDP shares would receive no payment at the end of their life.

None of the Company's financial assets is past due or impaired.

NOTES TO THE ACCOUNTS (CONTINUED)

13. Financial Risk Management (continued)

Fair Values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the Statement of Financial Position at fair value except for the ZDP shares and the inter-company loan which are carried at amortised cost using effective interest method in accordance with IFRS 9, or at a reasonable approximation thereof.

The fair values of the ZDP shares based on their quoted market value as at 30 June were:

	2024	2023
	£'000s	£'000s
2024 ZDP shares	39,900	37,050
2026 ZDP shares	29,750	28,625
2028 ZDP shares	24,500	24,125

The fair value of the inter-company loan is £94,150,000 (2023: £89,800,000).

Capital risk management

The objective of the Company is to finance and fund the redemption value of the ZDP shares. The Board has a responsibility for ensuring the Company's ability to continue as a going concern and to meet the redemption of the ZDP shares. This is dependent on the asset performance of the parent company. At 30 June 2024, the parent company had net assets of £136,927,000 (2023: £167,078,000) after providing for amounts due to ZDP shareholders.

14. Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the accounts as the Company can continue to operate due to the contractual obligation of the parent company to ensure that UIL Finance is able to redeem the ZDP shares on each repayment date and the Directors are comfortable that the parent company has the financial resources to do so.

The Board considered the parent company's going concern assessment which focussed on the forecast liquidity of the Group for 12 months from the date of approval of the financial statements. This analysis assumes that the parent company will meet some of its short term obligations through the sale of listed securities, which represented 16.5% of the parent company's total portfolio as at 30 June 2024. As part of this assessment the board of the parent Company has considered a severe but plausible downside that reflects the impact of the key risks set out in the Strategic Report and an assessment of the parent company's ability to meet its liabilities as they fall due (including the loan liabilities), assuming a significant reduction in asset values and accompanying currency volatility.

The severe but plausible downside assumes a significant reduction in asset values in line with that experienced during the emergence of the COVID 19 pandemic in the first quarter of 2020. The parent company board also considered reverse stress testing to identify the reduction in the valuation of liquid investments that would cause the Group to be unable to meet its net current liabilities, being primarily the 2024 ZDP shares of £40,778,000. The parent company board is confident that the reduction in asset values implied by the reverse stress test is not plausible even in the current volatile environment.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the Board considers it appropriate to continue to adopt the going concern basis in preparing the accounts.

UIL Finance Limited

NOTES TO THE ACCOUNTS (CONTINUED)

15. Events after the end of the reporting period

There were no material events after the end of the reporting period.