SG LEASING (DECEMBER) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2015

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COMPANIES HOUSE

COMPANY REGISTRATION NO. 1219880

CORPORATE INFORMATION

DIRECTORS

N. M. Dent
S. Fowler
S. Cook

SECRETARY

K. Balinska-Jundzill

AUDITOR

Deloitte LLP
1 Little New Street
London
EC4A 3TR

BANKERS

Société Générale
SG House
41 Tower Hill
London
EC3N 4SG

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

SG House
41 Tower Hill
London
EC3N 4SG

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the financial statements and auditor's report, for the year ended 31 December 2015.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

SG Leasing (December) Limited is a company incorporated in the United Kingdom under the Companies Act 2006. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company registration number is 1219880.

The principal activity of the company is the provision of leasing finance for film, machinery and other equipment. During the year, the Company acquired one new finance lease agreement with asset value of £3,210,204 (2014: £Nil) (Refer to Note 9).

During the year, the Company paid £28,345,611 (including interest of £1,746,958) in full settlement of a prior year tax liability.

On 26 May 2015, the Company received £23,600,000 by way of an additional capital contribution from its parent company, SG Leasing (March) Limited. The capital contribution was to cover losses incurred by the company.

On 11 June 2015, The Mars and Saturn Maritime Limited Partnerships terminated their investment in the lease. The Company received a termination sum of USD 170,527 resulting in a loss of USD 3,581.

During the year, the Company acquired 99.8% share in JWB Leasing Limited Partnership for £177,867,158. To finance the transaction, the company took on a funding from Société Générale, London Branch. The company incurred a one off loss from its investment amounting to £6,200,529 (Refer to Note 5 & 8).

The company relies on business generated by staff employed by Société Générale, London Branch whose principal activity is investment banking. The client relationship exists with, and is managed by, London Branch.

The company will continue to administer its portfolio of assets to generate sufficient profit for the foreseeable future.

The Company has secure financing arrangements from Group companies that are matched with its asset base. The risks facing the company and the actions taken to address those risks are set out in the Financial Risk Management paragraph below. There is no indication that these risks will adversely impact the Company in the foreseeable future.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006. Under the same provisions, the directors' have also taken exemption from preparing a Strategic Report.

RESULTS AND DIVIDEND

The company made a loss on ordinary activities after taxation of £648,931 for the year (2014: loss £26,227,861). The results for the year are set out on page 7.

FINANCIAL RISK MANAGEMENT

The company's principal risk is financial risk which it is exposed to through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk and credit risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit, liquidity and cash flow risk. The risks relating to liquidity and cash flow are mitigated by the routine monitoring of key management information. Credit risk is monitored by the risk department of Société Générale London Branch. They regularly monitor the credit worthiness of clients and will advise the relevant officer in charge of the exposure if there is any deterioration in the credit status (Refer to Note 19).

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The directors who served during the year were:

N. M. Dent	(Chairman)
S. Fowler	(Deputy Chairman)
D. Coxon	(Resigned 30 September 2015)
M. A. Nimmo	(Resigned 14 July 2016)
S. Cook	
J. Turner	(Resigned 15 September 2016)

LIABILITY INSURANCE FOR COMPANY OFFICERS

The company has taken out liability insurance as permitted under Part 10 of the Companies Act 2006 to cover directors and officers.

GOING CONCERN

The Company has adequate availability of financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DISCLOSURE OF INFORMATION PROVIDED TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

APPOINTMENT OF AUDITOR

During the year the company changed its auditor. Ernst & Young LLP have resigned and Deloitte LLP was appointed. A resolution to reappoint them as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board,

K. Balinska-Jundzill
Secretary

26 September 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS 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.

Independent auditor's report to the members of SG Leasing (December) Limited

We have audited the company financial statements of SG Leasing (December) Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in Statement of Directors' Responsibilities, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union; and

- have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of SG Leasing (December) Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.

Ben Jackson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

26 September 2016

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 £	Restated 2014 £
Continuing Operations			
Revenue	2	149,800	170,481
Interest payable	3b	(370,071)	(555,547)
Gross margin		(220,271)	(385,066)
Other operating income	4	530,929	514,968
Other operating expenses		(79,272)	-
Foreign exchange loss		(2,902)	(4,538)
Operating profit		228,484	125,364
Investment (loss) / revenue	5	(6,202,805)	246,605
Other gains and losses	6	-	(110,099)
Interest payable	3b	(726,920)	(2,729,097)
Interest receivable	3c	1,095,835	1,810,987
LOSS BEFORE TAXATION		(5,605,406)	(656,240)
Tax	7	4,956,475	(25,571,621)
LOSS FOR THE YEAR		(648,931)	(26,227,861)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences on foreign currency investments		206	(326)
Other comprehensive income / (loss) for the year net of tax		206	(326)
Total comprehensive loss for the year net of tax		(648,725)	(26,228,187)
Loss attributable to:			
Equity holders of the parent		(648,725)	(26,227,861)
Total comprehensive loss attributable to:			
Equity holders of the parent		(648,725)	(26,228,187)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 £	Restated 2014 £
ASSETS			
NON-CURRENT ASSETS			
Investments	8	171,666,645	188,040
Finance lease receivables	9	1,816,986	3,371,513
Other receivables	10	31,950,036	40,171,667
Deferred tax assets	12	-	1,045,883
		205,433,667	44,777,103
CURRENT ASSETS			
Finance lease receivables	9	3,890,671	1,662,691
Other receivables	10	198,331,648	148,763,027
Cash and cash equivalents		628,725	1,566,081
		202,851,044	151,991,799
TOTAL ASSETS		408,284,711	196,768,902
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	11	215,735,218	140,637,388
Other payables	11	385,215	28,588,289
Deferred tax liability	12	31,138,809	-
		247,259,242	169,225,677
NON-CURRENT LIABILITIES			
Borrowings	11	140,885,267	30,354,298
		140,885,267	30,354,298
TOTAL LIABILITIES		388,144,509	199,579,975
NET ASSETS		**20,140,202**	**(2,811,073)**
EQUITY			
Share capital	13	5,100,000	5,100,000
Share premium		13,900,000	13,900,000
Additional capital contribution		23,600,000	-
Translation reserve		(120)	(326)
Retained earnings		(22,459,678)	(21,810,747)
TOTAL EQUITY AND RESERVES		**20,140,202**	**(2,811,073)**

The financial statements were approved by the board of directors and authorised for issue on 26 September 2016. They were signed on its behalf by:

NM Dent

Director N.M. Dent

The notes on pages 11 to 29 form an integral part of the financial statements.

The company registration number is 1219880.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital	Share premium	Additional capital contribution	Translation reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance as at 31 December 2013	5,100,000	13,900,000	-	-	6,417,114	25,417,114
Total comprehensive profit for the year	-	-	-	(326)	(26,227,861)	(26,228,187)
Dividends paid during the year	-	-	-	-	(2,000,000)	(2,000,000)
Balance as at 31 December	5,100,000	13,900,000	-	(326)	(21,810,747)	(2,811,073)
Total comprehensive loss for the year	-	-	-	206	(648,931)	(648,725)
Additional capital contribution during the year	-	-	23,600,000	-	-	23,600,000
Balance as at 31 December 2015	5,100,000	13,900,000	23,600,000	(120)	(22,459,678)	20,140,202

CASH FLOW STATEMENT

For the year ended 31 December 2015

	Notes	2015 £	Restated 2014 £
Net cash flow (used in) / from operating activities	18(b)	(39,850,746)	67,276,350
Investing activities			
Interest received		1,162,990	1,680,566
Acquisition of investments		(177,867,158)	(188,294)
Income and distributions from partnerships		6,388,759	2,577,008
Proceeds on disposal of subsidiaries		-	3,165,994
Net cash flow (used in) / from investing activities		(170,315,409)	7,235,274
Financing activities			
Loans raised		193,622,078	139,179,977
Repayment of borrowings		(7,993,279)	(212,502,088)
Additional capital contribution		23,600,000	-
Dividends paid		-	(2,000,000)
Net cash flow from / (used in) financing activities		209,228,799	(75,322,111)
Net decrease in cash and cash equivalents		(937,356)	(810,487)
Cash at the beginning of the year		1,566,081	2,376,568
Cash at the end of the year	18(a)	628,725	1,566,081

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year except note 8 is set out below.

(a) Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been prepared under the historical cost convention.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 9 "Financial Instruments" is effective for annual periods beginning on or after 1 January 2018
- IFRS 14 "Regulatory Deferral Accounts" is effective for annual periods beginning on or after 1 January 2016
- IFRS 15 "Revenue from Contracts with Customers" is effective for annual periods beginning on or after 1 January 2017
- 2015 Amendments to the IFRS for SMEs are effective for annual periods beginning on or after 1 January 2017
- Amendments to IAS 19 "Defined Benefit Plans Employee Contributions" are effective for annual periods beginning on or after 1 February 2015
- Amendments to IFRS 11 "Joint Arrangements: Accounting for Acquisitions of Interests" are effective for annual periods beginning on or after 1 January 2016
- Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation" are effective for annual periods beginning on or after 1 January 2016
- Amendments to IAS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" are effective for annual periods beginning on or after 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 27 – "Investment Entities: Applying the Consolidated Exception") are effective for annual period beginning on or after 1 January 2016
- Amendments to IAS 1 "Disclosure Initiative" are effective for annual periods beginning on or after 1 January 2016
- Annual improvements "2010-2012 Cycle" are effective from 1 February 2015
- Annual improvements "2012-2014 Cycle" are effective from 1 January 2016

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

In August 2014, the IASB issued amendments to IAS 27 Separate Financial Statements which is effective for periods beginning on or after 1 January 2016. The amendments allowed the use of the equity method for accounting of investments in associates.

The company has early adopted the above amendments and elected to account for the investments in limited partnerships under the equity method, as management considered this method to be more appropriate for the accounting of these investments. This has resulted in a change in accounting policy. Management considered the change to the carrying values of the investments in the 2014 comparatives and opening reserves to be immaterial and as a result no restatements have been made.

In addition, as a result of the application of the equity method, management has presented a translation reserve within the statement of changes in equity, in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(b) Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases. Leases are categorised as loans and receivables.

(c) Revenue

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases.
Secondary rental income is recognised when the rentals fall due in accordance with the lease agreement.

Lease termination revenue is recognised when the lease term prematurely comes to an end. Early settlement fees are usually set out in the lease agreements.

(d) Other Income

Guarantee fees received are accrued on a straight line basis over the period of the guarantee. Fees in respect of services provided to external clients are recognised as and when invoices are raised, as these fees are dependent on the amount of work involved.

(e) Impairment

An impairment loss is recognised immediately in profit and loss when there is objective evidence that the financial asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at the initial recognition.

Impairment losses are reversed immediately in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised in respect of all temporary differences. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet method.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(g) Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Other receivables

Other receivables are initially recognised at fair value and subsequently valued at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. Other receivables are categorised as loans and receivables.

Other payables and long-term payables
Other payables and long-term payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Other payables and long-term payables are categorised as liabilities measured at amortised cost.

Preference shares are considered at fair value due to the coupon interest being calculated on a six month libor rate.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments
Investments in an associate and subsidiary are accounted for using the equity method of accounting less provision for any impairment.

Distributions received from the partnerships are recognised when the entities right to receive the distributions have been established. Any distributions that are received in excess of post-acquisition profits are recognised as a reduction of the cost of the investment.

(h) Foreign currencies

Transactions in currencies other than the entity's functional currency (sterling) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Translation differences are dealt with in the income statement.

(i) Significant accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Significant accounting judgements, estimates and assumptions (Continued)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Taxes

The company's income tax charge and balance sheet provisions (if any) are judgmental in nature. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The ultimate tax treatment can only be determined by final resolution with the local tax authorities.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority while also taking into consideration, where appropriate, expert external advice. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the company's domicile. The final resolution may result in different amounts of cash flows to those initially provided and any necessary adjustments are taken into consideration in the period in which they are identified.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 14.

2. REVENUE

	2015	2014
	£	£
Finance income earned on finance leases	149,789	170,470
Rental income earned on secondary period leases	11	11
	149,800	170,481

Income has been derived from activities within the UK.

NOTES TO THE FINANCIAL STATEMENTS

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after crediting / (charging):

	2015 £	2014 £
(a) Auditors' remuneration - audit fees	-	-
Audit fees payable for the audit of the company's annual financial statements amounted to £15,000 (2014: £15,000). These fees are paid by the ultimate parent company, Société Générale.		
(b) Interest payable. Interest payable to group companies £228,931 (2014: £146,876) (Refer to Note 16).	(1,096,991)	(3,284,644)
(c) Interest receivable. Interest receivable from group companies £1,095,835 (2014: £1,810,987) (Refer to Note 16).	1,095,835	1,810,987

4. OTHER OPERATING INCOME

	2015 £	2014 £
Guarantee income	505,429	514,968
Other income	25,500	-
	530,929	514,968

5. INVESTMENT REVENUE

	2015 £	2014 £
(Loss) / income received from investment in subsidiaries (Refer to Note 15)	(6,202,805)	246,605
	(6,202,805)	246,605

6. OTHER GAINS AND LOSSES

	2015 £	2014 £
Loss of restructuring of investments	-	(110,099)
	-	(110,099)

On 17 December 2014, the Company sold 97.499% of its share in each of The Mars Maritime Limited Partnership and The Saturn Maritime Limited Partnership to SG Leasing (USD) Limited for £1,609,920 and £1,556,074 respectively, resulting in a loss on sale of £110,099.

NOTES TO THE FINANCIAL STATEMENTS

7. TAXATION

(a) Analysis of the tax credit / (charge) in the year

	2015 £	2015 £	2014 £	2014 £
Corporation tax:				
Corporation tax credit / (charge) for the year		36,571,060		(96,173)
Adjustments in respect of prior periods		-		(25,827,967)
Total current tax credit		36,571,060		(25,924,140)
Deferred tax:				
Origination and reversal of temporary differences				
Current year movement	(35,462,436)		181,856	
Adjustments in respect of prior periods	-		176,283	
Effect of change in tax rate	3,847,851		(5,620)	
		(31,614,585)		352,519
Tax credit / (charge) on profit on ordinary activities		4,956,475		(25,571,621)

The corporation tax credit of £36,571,060 results from the expense under s.417 CTA 2010 in respect of the acquisition of the partnership interest in the JWB Leasing Limited Partnership.

The current year movement under deferred tax of £35,462,436 charge arises from the need to recognise of the deferred tax liability attaching to that partnership interest.

(b) The total charge for the year can be reconciled to the accounting profit as follows

	2015 £	2014 £
Loss on ordinary activities before taxation	(5,605,406)	(656,240)
Tax credit on profit on ordinary activities at standard rate of 20.247% (2014: 21.493%)	1,134,902	141,047
Factors affecting the charge:		
Disallowable expenses	-	(23,664)
Partnership adjustments	(36,108)	(41,630)
Transfer pricing adjustments	9,830	9,930
Adjustments in respect of prior periods	-	(25,651,684)
Change of tax rate	3,847,851	(5,620)
	4,956,475	(25,571,621)

Included in the adjustment in respect of prior periods for 2014 was £28,345,611 in respect of a prior year liability that was settled with HMRC in 2015.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS

The company has the following investment undertakings:

	Country of Incorporation	Holding	%
The Mars Maritime Limited Partnership	Great Britain	Partnership income & profit share	0.500%
The Saturn Maritime Limited Partnership	Great Britain	Partnership income & profit share	0.500%
JWB Leasing Limited Partnership	Great Britain	Partnership income & profit share	99.800%

	2015 £	Restated 2014 £
Opening balance	188,040	5,853,173
Acquisitions during the year	177,867,158	188,294
JWB Leasing Limited Partnership	177,867,158	-
The Mars Maritime Limited Partnership	-	94,147
The Saturn Maritime Limited Partnership	-	94,147
(Loss) / income received from partnership:	(6,202,805)	246,605
The Mars Maritime Limited Partnership	(1,138)	126,889
The Saturn Maritime Limited Partnership	(1,138)	119,716
JWB Leasing Limited Partnership	(6,200,529)	-
Distributions and movements during the year:	(185,868)	(2,823,613)
The Mars Maritime Limited Partnership	(92,934)	(1,439,282)
The Saturn Maritime Limited Partnership	(92,934)	(1,384,331)
Disposals during the year	-	(3,165,994)
The Mars Maritime Limited Partnership	-	(1,609,920)
The Saturn Maritime Limited Partnership	-	(1,556,074)
Loss on restructuring of investments during the year	-	(110,099)
The Mars Maritime Limited Partnership	-	(59,046)
The Saturn Maritime Limited Partnership	-	(51,053)
FX movements for the year	120	(326)
The Mars Maritime Limited Partnership	60	(163)
The Saturn Maritime Limited Partnership	60	(163)
Closing balance	171,666,645	188,040

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS (Continued)

	2015 £	Restated 2014 £
Investments are analysed as:		
Non-current investments (Recoverable after 12 months)	171,666,645	188,040
Current investments (Recoverable within 12 months)	-	-
	171,666,645	188,040

The principal activity of JWB Leasing Limited Partnership is the investment in finance leasing.

On 23 November 2015, the company acquired 99.8% share in JWB Leasing Limited Partnership.

On 17 December 2014, the Company sold 97.499% of its share in each of The Mars Maritime Limited Partnership and The Saturn Maritime Limited Partnership to SG Leasing (USD) Limited for £1,609,920 and £1,556,074 respectively, resulting in a loss on sale of £110,769.

In the prior year the investment in The Mars Maritime Limited Partnership and The Saturn Maritime Limited Partnership was disclosed as available for sale investments. In the current year, the company has early adopted IAS 27 amendments and elected to account for the investments in limited partnerships under the equity method. Following the latter decision, the investment in the partnership was reclassified from available for sales investment to investment associate under the equity method. The reclassification more appropriately reflects how the investment was accounted for the prior year.

9. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	2015 £	2014 £	2015 £	2014 £
Amounts receivable under finance leases:				
Within one year	3,995,041	1,675,243	3,890,671	1,662,691
In the second to fifth years inclusive	1,896,179	3,571,522	1,816,986	3,371,513
After five years	-	-	-	-
	5,891,220	5,246,765	5,707,657	5,034,204
Less: unearned finance income	(183,563)	(212,561)	-	-
Present value of minimum lease payments receivable	5,707,657	5,034,204	5,707,657	5,034,204
Analysed as:				
Non-current finance lease receivables (Recoverable after 12 months)			1,816,986	3,371,513
Current finance lease receivables (Recoverable within 12 months)			3,890,671	1,662,691
			5,707,657	5,034,204

NOTES TO THE FINANCIAL STATEMENTS

10. FINANCE LEASE RECEIVABLES (Continued)

The Company enters into leasing arrangements.

The company acquired one new finance lease agreement during the year from SG Leasing XII (2014: £Nil) with an asset value of £3,210,204 with rentals payable semi annually in arrears. The lease is expected to terminate in under one year. The average term of remaining 2 leases is 3 years, with rentals payable quarterly in arrears and annually in advance respectively.

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated as £nil (2014: £Nil).

The average effective interest rate contracted approximates to 4.89% (2014: 3.23%) per annum.

The approximated fair value of the fixed rate finance lease receivables with carrying value of £3,480,461 (2014: £5,034,204) is £3,527,053 (2014: £5,155,100).

The Company is not aware of any material items that would affect the credit quality of its financial lease receivables which are neither past due or impaired. The Company has no financial lease receivables whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

10. OTHER RECEIVABLES

	2015 £	2014 £
Amounts falling due within one year:		
Amounts due from group companies (Refer to Note 15)	160,628,575	144,733,650
Interest receivable from group companies (Refer to Note 15)	676,089	743,244
Other debtors	113,535	105,175
Value added tax	160,000	-
Tax recoverable	36,753,449	3,180,958
	198,331,648	148,763,027
Amounts falling due more than one year:		
Amounts due from group companies (Refer to Note 15)	31,950,036	40,171,667
	31,950,036	40,171,667
Total deposits and other debtors	230,281,684	188,934,694

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER RECEIVABLES (Continued)

Analysis of total deposits and other debtors by currency:

	2015 Euros £	2014 Euros £
Deposits and interest with related parties	153,028,575	139,033,650
	153,028,575	139,033,650

	2014 Sterling £	2013 Sterling £
Deposits and interest with related parties	40,226,125	46,614,911
Other debtors	113,535	105,175
Value added tax	160,000	-
Corporation Tax	36,753,449	3,180,958
	77,253,109	49,901,044
Total deposits and other debtors by currency	230,281,684	188,934,694

The directors consider that the remaining carrying amount of other receivables approximates their fair value.

11. BORROWINGS AND OTHER PAYABLES

	2015 £	2014 £
Amounts falling due within one year:		
Borrowings owed to group undertakings (Refer to Note 15)	56,385,013	1,603,738
Interest payable to group companies (Refer to Note 15)	79,595	47,251
Other borrowings	159,350,205	139,033,650
Other interest payable	124,616	153,371
Other payable	181,004	-
Amounts owed to group undertakings (Refer to Note 15)	-	42,014
Value added tax	-	42
HMRC payable	-	28,345,611
	216,120,433	169,225,677
Amounts falling due after one year:		
Borrowings owed to group undertakings (Refer to Note 15)	126,661,598	3,487,369
Other borrowings	14,223,669	26,866,929
	140,885,267	30,354,298
Total borrowings and other payables	357,005,700	199,579,975

NOTES TO THE FINANCIAL STATEMENTS

11. BORROWINGS AND OTHER PAYABLES (Continued)

Analysis of total borrowings and other payables by currency:

	2015	2014
	US dollars	US dollars
	£	£
Borrowings and interest with related parties	-	146,353
Amounts owed to group undertakings	-	41,967
	-	188,320
	Euros	Euros
	£	£
Borrowings and interest with unrelated parties	153,096,418	139,114,000
	153,096,418	139,114,000
	Sterling	Sterling
	£	£
Borrowings and interest with related parties	183,126,206	4,992,005
Other borrowings and other interest payable	20,602,072	26,939,950
Amounts owed to group undertakings	-	47
Value added tax	-	42
HMRC payable	-	28,345,611
Other payable	181,004	-
	203,909,282	60,277,655
Total borrowings and other payables by currency	357,005,700	199,579,975

The directors consider that the fair value of the fixed rate loans is £3,494,769 (2014: £5,110,854). The carrying value of these loans amounted to £3,451,353 (2014: £4,992,005) and form part of the borrowings and interest with related parties balance above.

The directors consider that the carrying amount of other payables approximates their fair value. The fair value hierarchy of the borrowings is classified as Level 2 in accordance with IFRS 13.

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAXATION

(a) Analysis of deferred tax balances

	2015 £	2014 £
Accelerated capital allowances	(31,138,809)	1,045,883
Short term temporary differences	-	-
Total asset, without discounting	(31,138,809)	1,045,883

(b) Analysis of movement in deferred tax asset

	2015 £	2014 £
Asset at beginning of year	1,045,883	693,364
Transfers out	(570,107)	-
Deferred tax debit to profit and loss for the period	(31,614,585)	352,519
Deferred tax asset at end of year	(31,138,809)	1,045,883

(c) Deferred tax not provided

Deferred tax has been provided in respect of all potential tax liabilities.

Legislation was introduced in Finance Act 2015 to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017, and to 18% with effect from 1 April 2020. The effect of these reductions is reflected in the deferred tax liability disclosed in the accounts. A further reduction of 1% mentioned in the 2016 Finance Bill, had not been enacted in the legislation at 31 December 2015.

13. SHARE CAPITAL

	2015 £	2014 £
Issued and fully paid:		
5,100,000 ordinary shares of £1 each, fully paid	5,100,000	5,100,000

The company has one class of ordinary shares which carry no right to fixed income.

14. DIVIDENDS PAID AND PROPOSED

	2015 £	2014 £
Declared and paid during the year:		
Dividends on ordinary shares:		
Dividend for 2015: £Nil (2014: £0.39 per share)	-	2,000,000
	-	2,000,000

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions with related parties within the group.

	Amounts owed by related parties		Amounts owed to related parties	
	2015	2014	2015	2014
	£	£	£	£
SG London Branch (including cash balances)	174,266,791	167,567,063	183,126,204	5,138,356
SG Leasing (March) Limited	19,616,634	19,647,579	-	47
SG Leasing (USD) Limited	-	-	-	41,967
	193,883,425	187,214,642	183,126,204	5,180,370

	Acquisition of investments		Disposals of investments	
	2015	2014	2015	2014
	£	£	£	£
The Mars Maritime Limited	-	94,147		
The Saturn Maritime Limited	-	94,147		
To SG Leasing (USD) Limited	-	-	-	3,165,994
The Mars Maritime Limited Partnership (97.999% interest)	-	-	-	1,609,920
The Saturn Maritime Limited Partnership (97.999% interest)	-	-	-	1,556,074
JWB Leasing Limited Partnership	177,867,158	-	-	
	177,867,158	188,294	-	3,165,994

	Group interest paid		Group interest received	
	2015	2014	2015	2014
	£	£	£	£
Société Générale London	228,931	146,876	341,509	1,022,519
SG Leasing (March) Limited	-	-	754,325	788,468
	228,931	146,876	1,095,834	1,810,987

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS (Continued)

	Dividends paid	
	2015	2014
	£	£
Société Générale Investments (U.K.) Limited	-	2,000,000
	-	2,000,000

	(Loss) / income received from Limited Partnerships		Distributions received from Limited Partnerships	
	2015	2014	2015	2014
	£	£	£	£
The Mars Maritime Limited Partnership	(1,242)	126,889	(92,934)	(1,439,282)
The Saturn Maritime Limited Partnership	(1,242)	119,716	(92,934)	(1,384,331)
JWB Leasing Limited Partnership	(6,200,531)	-	-	-
	(6,203,015)	246,605	(185,868)	(2,823,613)

SG Leasing (December) Limited, SG Leasing (March) Limited, SG Leasing (June) Limited, SG Leasing (Central 1) Limited, TH Leasing (June) Limited, SG Leasing (Central 3) Limited, SGFLD Limited, SG Leasing (USD) Limited, TH Structured Asset Finance Limited and SG Leasing IX share certain common directors.

SG Leasing (December) Limited, SG Leasing (Central 1) Limited, SG Leasing (June) Limited, SGFLD Limited and SG Leasing (Central 3) Limited are subsidiaries of SG Leasing (March) Limited whose immediate holding company is Société Générale Investments (U.K.) Limited.

TH Structured Asset Finance Limited and TH Leasing (June) Limited are subsidiaries of TH Investments (Hong Kong) 2 Limited which is a subsidiary of Société Générale Investments (U.K.) Limited.

SG Leasing IX is a subsidiary of Société Générale Investments (U.K.) Limited.

The Fenchuch partnership is owned 99% by SG Leasing (USD) Limited, 0.5% by SG Leasing IX and 0.5% by SG Leasing (Central 1) Limited.

SG Leasing (USD) Limited is a subsidiary of TH Investments (Hong Kong) 3 Limited, whose immediate holding company is TH Investments (Hong Kong) 1 Limited. TH Investments (Hong Kong) 1 Limited is a private company limited by shares incorporated in Hong Kong, whose immediate holding company is Société Générale.

ACR is a subsidiary of Société Générale Investments (U.K.) Limited.

Société Générale London is a branch of Société Générale, which is incorporated in France.

The ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale (Refer to Note 17).

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS (Continued)

The amounts outstanding are unsecured and have no fixed date of repayment, settlement occurs in cash. Certain amounts are interest free.

For the year ended, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2014: £nil).

A guarantee has been issued to Societe Generale Bank and Trust S.A. for the amount of £153,028,575 (208,500,000 EUR) (2014: £139,033,650 (178,500,000 EUR)) in respect of a loan extended by that entity to a third party. There have been no events to lead the Company to make payment under this guarentee and as such no provision has been raised at year end.

Remuneration of key management personnel
The remuneration of the directors, has been set out in Note 16.

Directors' transactions
There were no loans, quasi-loans or any other transactions carried out with the directors during the year other than what has already been disclosed in the directors report (2014: £nil)

16. EMPLOYEES COST AND DIRECTORS' EMOLUMENTS

The directors received no emoluments for services to the company or SG Leasing (March) Limited during the year (2014: £nil).

None of the directors had any material interest in any contract in relation to the business of the company.

The company does not have any employees for 2015 and 2014. All personnel who perform services are employed and remunerated by Société Générale London Branch.

17. HOLDING AND CONTROLLING COMPANY

The company is a subsidiary of SG Leasing (March) Limited whose immediate holding company is Société Générale Investments (U.K.) Limited. Both companies are incorporated in Great Britain and registered in England and Wales.

The company's ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale, which is incorporated in France. Copies of the group accounts of Société Générale are available from the registered office at 29, Boulevard Haussmann, 75009 Paris, France.

NOTES TO THE FINANCIAL STATEMENTS

18. NOTES TO THE CASHFLOW STATEMENT

	2015 £	2014 £
(a) Reconciliation of cash		
Cash at bank and in hand	628,725	1,566,081
(b) Reconciliation of profit on ordinary activities to cash from operating activities		
Loss on ordinary activities before tax	(5,605,406)	(656,240)
Adjusted for:		
Interest receivable	(1,095,835)	(1,810,987)
Interest expense	1,096,991	3,284,644
Other gains and losses	-	110,099
Operating cash flows before working capital changes	(5,604,250)	927,516
(Increase) / decrease in finance lease receivables	(673,453)	1,505,015
(Increase) / decrease in other receivables	(7,841,654)	78,972,575
Decrease / (increase) in other payables	138,948	(433,145)
Cash flow (used in) / from operations	(13,980,409)	80,971,961
Interest paid	(1,093,402)	(1,507,439)
Income taxes	(24,776,935)	(12,188,172)
Net cash flow (used in) / from operating activities	(39,850,746)	67,276,350

19. FINANCIAL INSTRUMENTS

The management of risks in relation to financial instruments is an integral part of Société Générale's Group corporate culture. The risks encountered by the Company are managed on its behalf by Société Générale. The company has hedged its loan exposures by currency, rate and maturity. It therefore does not have any material sensitivity to any of these risks.

The main risks incurred in the Company's activities are as follows:

i) Credit Risk

The Company's principal financial assets exposed to credit risk are finance lease receivables and other receivables. The Company is exposed to credit risk to the extent that its customers may experience financial difficulty and would be unable to meet their obligations. To mitigate exposure to credit risk the Group has a risk approval process that is based on five principles:

- All transactions giving rise to a counterparty risk must be authorised in advance.
- All requests for authorisations relating to a specific client or client group are handled by a central operating division called the Risk Division. This division is designated, on a case-by-case basis, to ensure a consistent approach to risk management and the permanent control of Société Générale's potential exposure.

19. FINANCIAL INSTRUMENTS (CONTINUED)

i) Credit Risk (Continued)

- Systematic recourse to internal risk ratings. These ratings are provided by the operating divisions that are able to enter into financial exposure with a client and are validated by the Risk Division; they are included in all loan applications and are considered as part of the decision process regarding the issue of a loan.
- Responsibility for analysing and approving risk is delegated to specific credit risk units.
- Risk assessment departments are fully independent at each decision making level.

The Risk Division aims to increase Société Générale's expertise by centralising the analysis of the quality of Société Générale's counterparties and the approval of exposure limits allocated to all locations and business lines.

The maximum credit risk that the Company is exposed to, without taking into account any collateral held or other credit enhancements, is the gross carrying amount of finance leases receivables and other receivables granted. The gross carrying amounts are declared in the balance sheet and the notes to the accounts.

The underlying assets financed under finance leases are held as collateral and remain in the ownership of the Company. These assets can be potentially called upon as security. The Company has entered into finance leasing arrangements in film, machinery and equipment.

The Company is not aware of any material items that would affect the credit quality of its financial assets. The Company has no financial assets whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

ii) Market Risk: Interest Rate Risk and Sensitivity Analysis

As the principal business of the Company is lease financing it has a potential market risk exposure to movements in interest rates. Société Générale's policy is to concentrate interest rate risks within the capital market activities. These are monitored and controlled by the Group using 'Value at Risk' assessment models.

Therefore the Company is constrained from entering into transactions where there is a significant interest rate exposure. If a fixed rate lease or loan is entered into by the Company it must be financed on an equal fixed rate basis with one of the dedicated market teams. As this effectively hedges any interest rate risk exposure there is no sensitivity to interest rate movements in the Company's accounts.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve.

iii) Currency Risk

The Company has limited exposure to foreign currency risk as all exposures entered into, other than Sterling, have been hedged with Société Générale. The extent of the Company's exposures can be found in notes 8, 12 and 13.

iv) Fair Values

Where the interest rate fixing date of loans, receivables and lease financing transactions are less than one year they are considered to approximate their carrying value due to the short-term nature of these instruments.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (Continued)

Available-for-sale investments are recognised at their fair value. Where the investments are listed the basis of measurement is the quoted market price. Where there is no quoted price available the net asset value or a discounted cash flow is utilised.

Other trading securities are recognised at their fair value through the profit and loss. Where the investments are listed the basis of measurement is the quoted market price. Where the investments are managed by an independent third party the basis of measurement is the market valuation provided by such a third party. Where there is no quoted price available the net asset value or a discounted cash flow is utilised.

v) Liquidity Risk

The principles and standards applicable to the management of liquidity risk are defined at Group level. The Company is responsible for managing its own liquidity and for respecting any liquidity constraints locally or those provided by the Asset Liability Management Department, a dedicated division that manages liquidity in the Group overall.

The Company's financial liabilities are primarily in the form of intercompany borrowings from Société Générale's treasury teams. The financial liabilities declared below include intercompany balances with, and subsidiaries of, the Company's parent SG Leasing (March) Limited.

(a) Maturity analysis of financial liabilities

	Less than 1 year		2 to 5 years		Greater than 5 yea	
	2015	2014	2015	2014	2015	201
	£	£	£	£	£	£
Financial liabilities						
Borrowings and interest owed to group undertakings	56,464,608	1,650,989	-	3,487,369	126,661,598	
Other borrowings and interest	159,474,821	139,187,021	14,223,669	26,866,929	-	
Amounts owed to group undertakings	-	42,014	-	-	-	
Other payables	181,004	-	-	-	-	
Value added tax	-	42	-	-	-	
Group relief	-	28,345,611	-	-	-	
	216,120,433	169,225,677	14,223,669	30,354,298	126,661,598	

The above being the undiscounted cash flow expected to be made.

(b) Financial assets and liabilities held at amortised cost

	2015	2014
	£	£
Financial assets	167,285,856	150,616,273
Financial liabilities	215,939,429	140,880,024

It is Société Générale's treasury teams which ultimately manage the liquidity exposure of the Group. The objective is to finance the Group's activities at the best possible rates under normal conditions and ensure it can meet its obligations in the event of a crisis.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (Continued)

vi) Concentration Risk

Although the Company's assets are concentrated by geography, type of client and economic sector this is ameliorated by its parent company, SG Leasing (March) Limited, which through its other subsidiaries, achieves suitable diversification.

vii) Capital Management Policies and Procedures

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern; and
- To provide an adequate return to shareholders.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital structure

	2015 £	2014 £
Share capital	5,100,000	5,100,000
Share premium	13,900,000	13,900,000
Retained earnings	(22,459,678)	(19,810,747)
Additional capital contribution	23,600,000	-
Translation reserve	(120)	(326)
Dividends paid	-	(2,000,000)
Total capital	20,140,202	(2,811,073)