

WARWICK LEASING LIMITED

30 September 2015

Member of Lloyds Banking Group

Registered Number: 01665252



DIRECTORS

C G Dowsett
G A Fox
R O Williams

COMPANY SECRETARY

M A A Johnson

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

REGISTERED OFFICE

Charterhall House
Charterhall Drive
Chester
Cheshire
CH88 3AN

COUNTRY OF INCORPORATION

England and Wales

REGISTERED COMPANY NUMBER

01665252

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 30 September 2015.

The company qualifies as a small company in accordance with Sections 381-382 of the Companies Act 2006 (the "Act") and the directors' report has therefore been prepared taking into consideration the provisions of Part 15 of the Act.

REVIEW OF BUSINESS

During the year, the principal activity of the company was the management of financial assets and liabilities and this is likely to continue for the foreseeable future.

The results of the company show a loss before taxation of £43,000 (2014: £122,000 profit) for the year as set out in the statement of comprehensive income on page 6.

The company has shareholder's equity of £454,000 (2014: £7,021,000).

DIVIDENDS

Dividends of £6,521,036 were paid during the year (2014: £nil).

DIRECTORS

The names of the directors of the company are shown on page 1. There were no changes in directors during the year.

No director had any interest in any material contract or arrangement with the company during or at the end of the year.

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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved:

- 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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' INDEMNITIES

Lloyds Banking Group plc has granted to the directors of the company a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. The indemnity remains in force for the duration of a director's period of office. The deed indemnifies the directors to the maximum extent permitted by law. The deed for existing directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the group has in place appropriate directors' and officers' liability insurance cover which was in place throughout the financial year.

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS' APPOINTMENT

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. For further details please refer to note 11 'Risk management of financial instruments' in these financial statements.

KEY PERFORMANCE INDICATORS ('KPIs')

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board



G.A. Fox
Director

Date: 24/03/16

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARWICK LEASING LIMITED

Report on the Financial Statements

Our opinion

In our opinion, Warwick Leasing Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the statement of comprehensive income for the year ended 30 September 2015;
- the balance sheet as at 30 September 2015;
- the statement of changes in shareholder's equity for the year then ended;
- cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARWICK LEASING LIMITED (CONTINUED)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Hoskyns-Abrahall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Edinburgh

Date:

24/3/16

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2015

	Note	2015 £000	2014 £000
Finance income	2	(4)	124
Finance costs	3	(39)	(1)
		<u>(43)</u>	<u>123</u>
Administration expenses	4	-	(1)
(Loss)/profit before taxation	5	<u>(43)</u>	<u>122</u>
Taxation charge	6	(3)	(27)
(Loss)/profit after taxation and total comprehensive (loss)/income for the year attributable to owners of the parent		<u><u>(46)</u></u>	<u><u>95</u></u>


The accompanying notes are an integral part of the Financial Statements.

WARWICK LEASING LIMITED

BALANCE SHEET
As at 30 September 2015

	Note	2015 £000	2014 £000
Assets			
Current assets			
Amounts owed by group companies	7	568	26,704
Other debtors		11	-
Total current assets		<u>579</u>	<u>26,704</u>
Total assets		<u>579</u>	<u>26,704</u>
Liabilities			
Current liabilities			
Amounts owed to group companies	8	125	19,683
Total current liabilities		<u>125</u>	<u>19,683</u>
Equity			
Share capital	9	-	-
Retained earnings	10	454	7,021
Total equity		<u>454</u>	<u>7,021</u>
Total liabilities and equity		<u>579</u>	<u>26,704</u>

The financial statements on pages 6 to 17 were approved by the Board of Directors on 24/03/16 and signed on its behalf by:



G A Fox
Director

Registered Number: 01665252

The accompanying notes are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 30 September 2013	10	-	6,926	6,926
Total comprehensive income for the year				
Profit for the year	10	-	95	95
Balance at 30 September 2014	9, 10	-	7,021	7,021
Dividends paid during the year	10	-	(6,521)	(6,521)
Total comprehensive loss for the year				
Loss for the year	10	-	(46)	(46)
Balance at 30 September 2015	9, 10	-	454	454

The accompanying notes are an integral part of the Financial Statements.

CASH FLOW STATEMENT
For the year ended 30 September 2015

	Note	2015 £000	2014 £000
Net cash flow from operating activities	12	<u>(19,589)</u>	<u>(3,042)</u>
Financing activities			
Dividends paid	10	<u>(6,521)</u>	<u>-</u>
Net cash flow from financing activities		<u>(6,521)</u>	<u>-</u>
Net movement in cash and cash equivalents		(26,110)	(3,042)
Cash and cash equivalents at beginning of the year		<u>26,678</u>	<u>29,720</u>
Cash and cash equivalents at end of the year		<u><u>568</u></u>	<u><u>26,678</u></u>
Cash and cash equivalents are comprised of:			
Cash at bank	7	18	13
Bank deposits	7	<u>550</u>	<u>26,665</u>
		<u><u>568</u></u>	<u><u>26,678</u></u>

The accompanying notes are an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

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

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

The financial statements have been prepared in accordance with Companies Act 2006 applicable to companies reporting under IFRSs.

The financial statements also comply with the relevant provisions of Part 15 of the Companies Act 2006.

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing financial support provided by Lloyds Bank plc. After making appropriate enquiries, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the company's results and financial position, based upon materiality and significant judgements and estimates, are discussed below.

- Impairment

The company regularly reviews the portfolio of financial assets for impairment. In determining whether an impairment has occurred at the balance sheet date the company considers whether there is any observable data indicating that there has been a measurable decrease in the estimated future cash flows or their timings; such observable data includes whether there has been an adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on repayments or values of underlying assets. Where this is the case, the impairment loss is measured in accordance with note 1(a) below.

1(a) Impairment

At each balance sheet date the company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal and/or interest;
- Indications that the borrower or group of borrowers is experiencing significant financial difficulty;
- Restructuring of debt to reduce the burden on the borrower;
- Breach of loan covenants or conditions; and
- Initiation of bankruptcy.

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the balance sheet carrying value of the asset and the present value of the estimated future cash flows discounted at the asset's implicit rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit rating, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as a credit to the statement of comprehensive income.

1(b) Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)**1(b) Taxation (continued)**

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Income tax payable on profits is recognised as an expense in the period in which those profits arise. The tax effects of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. Deferred tax related to fair value re-measurement of financial assets and liabilities, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of comprehensive income together with the deferred gain or loss.

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1(c) Dividends

Dividends are recognised in equity only when the company has the obligation to pay the ordinary shareholder.

1(d) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and amounts due from banks with original maturities of less than three months.

1(e) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in pounds sterling, which is the company's functional and presentation currency.

2 Finance income

	2015 £000	2014 £000
Finance lease income	(55)	-
Interest received on bank deposits with other group companies	51	124
	<u>(4)</u>	<u>124</u>

Finance lease income represents the rental rebate due to the customer.

3 Finance costs

	2015 £000	2014 £000
Interest payable on bank loans to other group companies	10	1
Interest payable to third parties	29	-
	<u>39</u>	<u>1</u>

4 Administration expenses

	2015 £000	2014 £000
Professional fees and other related expenses	-	1
	<u>-</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 (Loss)/profit before taxation

Audit fees for the company are borne by the ultimate parent company.

The company has no employees (2014: nil).

The directors, who are considered to be key management, received no remuneration in respect of their services to the company. The emoluments of the directors are paid by a fellow group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the company. The directors are also directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group. Given this, it is not possible to make an accurate apportionment of directors' emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the directors.

6 Taxation charge

	2015 £000	2014 £000
The taxation charge for the year comprises:		
Current tax payable on (loss)/profit for the year	(3)	(27)
Total taxation charge for the year	<u>(3)</u>	<u>(27)</u>

Where taxation on the company's (loss)/profit for the year differs from the taxation charge that would arise using the standard rate of corporation tax of 20.5% (2014: 22%), the differences are explained below:

	2015 £000	2014 £000
(Loss)/profit before taxation	<u>(43)</u>	<u>122</u>
Tax at standard rate of corporation tax	9	(27)
Tax losses where no deferred tax recognised	<u>(12)</u>	<u>-</u>
Total taxation charge	<u>(3)</u>	<u>(27)</u>

The Finance Act 2013 was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the corporation tax rate applicable from 1 April 2017 to 19% and from 1 April 2020 to 18%.

7 Amounts owed by group companies

	2015 £000	2014 £000
Cash at bank	18	13
Bank deposits	550	26,665
Interest receivable	-	26
	<u>568</u>	<u>26,704</u>

For further details please refer to note 13.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Amounts owed to group companies

	2015 £000	2014 £000
Bank borrowings	122	-
Group relief payable	3	19,683
	<u>125</u>	<u>19,683</u>

For further details please refer to note 13.

9 Share capital

	2015 £	2014 £
Allotted, issued and fully paid		
1 ordinary "A" share of £1 each	1	1
1 ordinary "B" share of £1 each	1	1
	<u>2</u>	<u>2</u>

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholder through pricing products and services commensurately with the level of risk and, indirectly, to support the group's regulatory capital requirements.

The company's parent manages the company's 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 the capital structure, the company's parent may adjust the amount of dividends to be paid to the shareholder, return capital to the shareholder, issue new shares, or enter into debt financing.

The company's capital comprises all components of equity, movements in which appear in the statement of changes in shareholder's equity.

10 Retained earnings

	2015 £000	2014 £000
At beginning of the year	7,021	6,926
(Loss)/profit after taxation and total comprehensive (loss)/income for the year	(46)	95
Dividends paid	(6,521)	-
	<u>454</u>	<u>7,021</u>

On 29 June 2015 the company paid a dividend of £3,260,518 per share.

11 Risk management of financial instruments

The primary financial risks affecting the company are: credit risk, liquidity risk and market risk (which include interest rate risk and foreign currency risk). Information on the management of these financial risks and further disclosures is given below.

In accordance with IAS 39 "Financial instruments: Recognition and measurement", all financial assets are designated as held at amortised cost. The accounting policies in note 1 describe how different classes of financial instruments are measured, and how income and expenses are recognised.

Credit risk management:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum credit risk exposure of the company in the event of other parties failing to perform their obligations is detailed below. The maximum exposure to loss is considered to be the balance sheet carrying amount as at 30 September.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Risk management of financial instruments (continued)

Credit risk management (continued):

	2015 £000	2014 £000
Financial assets which are neither past due nor impaired for credit risk:		
Amounts owed by group companies	568	26,704
Other debtors	11	-
	<u>579</u>	<u>26,704</u>
Total credit risk exposure		

Credit risk management is performed by various committees established by its ultimate parent, Lloyds Banking Group plc. Each lease or loan is assessed for credit risk prior to approval and assigned a credit rating based on the credit risk rating methodology and management policy of the Lloyds Banking Group plc. Credit ratings of the lease counterparties are monitored, where necessary revised, over the life of the lease. The table below reflects the credit rating of the financial assets portfolio net of any financial guarantees received.

Financial assets by credit rating:

	AAA £000	AA £000	A £000	BBB £000	Rated BB or lower £000	Not rated £000	Total £000
At 30 September 2015							
Amounts owed by group companies	-	-	568	-	-	-	568
Other debtors	-	-	-	-	-	11	11
	<u>-</u>	<u>-</u>	<u>568</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>579</u>
Total							
	<u>-</u>	<u>-</u>	<u>568</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>579</u>
At 30 September 2014							
Amounts owed by group companies	-	-	26,704	-	-	-	26,704
	<u>-</u>	<u>-</u>	<u>26,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,704</u>
Total							
	<u>-</u>	<u>-</u>	<u>26,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,704</u>

At the balance sheet date the company assesses if there is objective evidence that the financial assets have become impaired. Evidence of impairment may include indications that the counterparty is experiencing financial difficulty, default or delinquency in settlements of amounts due or debt restructurings to reduce the financial burden on the counterparty.

At 30 September 2015 and 2014 there were no impairments relating to credit risk against any financial assets.

The fair value of financial assets approximates to their carrying values.

Liquidity risk management:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Risk management of financial instruments (continued)

Liquidity risk management (continued):

The liquidity profile of financial liabilities at year end was as follows:

At 30 September 2015	Bank borrowings £000	Other liabilities £000	Total Liabilities £000
On demand	-	3	3
Up to 1 month	122	-	122
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	<hr/>	<hr/>	<hr/>
Total	122	3	125
	<hr/>	<hr/>	<hr/>
At 30 September 2014	Bank borrowings £000	Other liabilities £000	Total Liabilities £000
On demand	-	19,683	19,683
Up to 1 month	-	-	-
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	<hr/>	<hr/>	<hr/>
Total	-	19,683	19,683
	<hr/>	<hr/>	<hr/>

The fair value of current liabilities approximates their carrying values.

Interest rate risk management:

Interest rate risk is the risk that the future cash flows and fair values of a financial instrument may fluctuate because of changes in market interest rates.

Based on the balance sheet carrying values a +/- 25 basis point change in interest rates will increase/reduce finance income by £1,000 (2014: £67,000) and finance costs by £nil (2014: £nil).

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company's transactions are all denominated in pounds sterling as such the company has no exposure to foreign currency risk.

12 Notes to the cash flow statement

	2015 £000	2014 £000
(Loss)/profit before taxation	(43)	122
	<hr/>	<hr/>
Movement in receivables	15	-
Movement in payables	122	-
	<hr/>	<hr/>
Cash generated by operations	94	122
Group relief paid	(19,683)	(3,164)
	<hr/>	<hr/>
Net cash flow from operations	(19,589)	(3,042)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Related parties

The company's immediate parent company is Halifax Leasing (September) Limited. The company regarded by the directors as the ultimate parent company and ultimate controlling party is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member. Lloyds Bank plc is the parent company of the smallest such group of undertakings. Copies of the group financial statements may be obtained from the company secretary's office, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN or downloaded via www.lloydsbankinggroup.com.

The company's related parties include other companies in the Lloyds Banking Group and the company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, which is determined to be the company's directors, who are listed on page 1 of these financial statements.

In respect of related party transactions, the outstanding balances receivable/(payable) at 30 September were as follows:

Nature of transaction	Related party	Related party relationship	2015	2014	Terms and conditions	
			£000	£000	Repayment	Interest
Cash at bank	Bank of Scotland	Fellow subsidiary undertaking	18	13	No fixed date	N/A
Bank deposits	Bank of Scotland	Fellow subsidiary undertaking	550	26,665	15/10/2015	0.48%
Group relief payable	Bank of Scotland	Fellow subsidiary undertaking	(3)	(19,683)	No fixed date	N/A
Bank borrowings	Bank of Scotland	Fellow subsidiary undertaking	(122)	-	15/10/2015	0.57% - 0.58%
Interest receivable	Bank of Scotland	Fellow subsidiary undertaking	-	26	15/10/2015	0.48%

There were no doubtful debts or bad debt expenses relating to the above balances incurred during the year.

Bank borrowings are interest bearing and during the year rates of interest of up to 0.58% (2014: 0.49%) were charged. Finance costs of £10,000 (2014: £1,000) were incurred during the year.

The company earned interest on bank deposits of £51,000 (2014: £124,000) on which rates of interest of up to 0.48% (2014: 0.46%) were received.

The company paid group relief of £19,683,000 (2014: £3,164,000) during the year to fellow subsidiary undertakings.

14 Adopted accounting standards

The following accounting standard changes were adopted by the company during the year.

<u>Pronouncement</u>	<u>Nature of change</u>	<u>Adoption date</u>
Amendment to IAS 32 Financial Instruments: Presentation – 'Offsetting Financial Assets and Financial Liabilities'	Inserts application guidance to address inconsistencies identified in and applying the offsetting criteria used in the standard. Some gross settlement systems may qualify for offsetting where they exhibit certain characteristics akin to net settlement.	1 October 2014

15 Future developments

The following accounting standard changes will impact the company in the future financial years. Save as disclosed below, the initial view is that none of these pronouncements are expected to cause any material adjustments to reported numbers in the Financial Statements.

<u>Pronouncement</u>	<u>Nature of change</u>	<u>IASB effective date</u>
IFRS 9; 'Financial Instruments' ¹	Replaces those parts of IAS 39 Financial Instruments: Recognition and Measurement relating to the classification, measurement and derecognition of financial assets and liabilities and hedge accounting. IFRS 9 requires financial assets to be classified into two measurement categories, fair value and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments and eliminated the available-for-sale financial asset and held-to-maturity investment categories in IAS 39. The requirements for derecognition are broadly unchanged from IAS 39. The standard also retains most of the IAS 39 requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value change attributable to the entity's own credit risk is recorded in other comprehensive income. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.	Annual periods beginning on or after 1 January 2018

¹ As at the date of signing, this pronouncement is awaiting EU endorsement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Contingent liabilities

The Company provides for potential tax liabilities that may arise on the basis of the amounts expected to be paid to tax authorities. This includes open matters where Her Majesty's Revenue and Customs ('HMRC') adopt a different interpretation and application of tax law which might lead to additional tax. A number of Group companies, including the Company, have an open matter in relation to a claim for group relief of losses incurred in a former Irish banking subsidiary of the Lloyds Banking Group, which ceased trading on 31 December 2010. In the second half of 2013 HMRC informed the Lloyds Banking Group that their interpretation of the UK rules, permitting the offset of such losses, denies these claims; if HMRC's position is found to be correct, management estimate that this would result in an increase in the Company's current tax liability of approximately £1,829,000. The Lloyds Banking Group does not agree with HMRC's position and, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due on the Company.