Company Registration No. 07815722

Isobel Loan Capital Limited

Annual report and financial statements for the year ended 31 December 2017

Isobel Loan Capital Limited

Contents

Isobel Loan Capital Limited

Officers and professional advisors

Directors
Farhad Karim

Registered office

40 Berkeley Square
London
United Kingdom
W1J 5AL

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Manager

The Blackstone Group International Partners
40 Berkeley Square
London
United Kingdom
W1J 5AL

Isobel Loan Capital Limited

Strategic report

Background

Isobel Loan Capital Limited (the "Company") has been setup to act as a workout company for loans requiring restructuring that were initially held by Isobel AssetCo Limited.

Principal activity and future developments

Historically the principal activity of the Group, was the management of the loan portfolio of commercial real estate backed loan assets. During the year the final loans were repaid and as such the activity of the Group now is to manage the remaining resources towards resolution of the Group.

Strategy and objectives

The Company is a wholly-owned subsidiary of Isobel Intermediate HoldCo Limited and its ultimate parent company is The Royal Bank of Scotland plc. There are no subsidiaries of the Company.

The loans are purchased at the estimated fair value of the loan at the date of transfer. The purchase of a loan is funded by the issue of a funding loan by Isobel AssetCo Limited and the loan from Isobel AssetCo Limited earns interest at 6.5% p.a. After the payment of the intercompany and loan interest, 99% of the net cash flows arising from each of the purchased loans accrue to Isobel AssetCo Limited.

The significant risks and rewards of ownership of all the assets remain with Isobel AssetCo Limited. It is therefore expected that any principal risks lie with Isobel AssetCo Limited as it would suffer any potential financial loss through the inability of the Company to repay its loan provided by it.

During the year the final loan positions were exited. The company is in a net asset position with sufficient cash to cover its liability the £1.365m payable to Isobel AssetCo Ltd.

Approved by the Board and signed on its behalf by:

Farhad Karim
Director

40 Berkeley Square
London
W1J 5AJ

Isobel Loan Capital Limited

Director's report

The director presents their report on the affairs of Isobel Loan Capital Limited (the "Company"), together with the financial statement and auditor's report for the year ended 31 December 2017.

Dividends

The director does not recommend the payment of a dividend for the period. (2016: None)

Director

The Director, who served throughout the year unless otherwise noted was as follows:

- Farhad Karim

Director indemnity

The Company has made qualifying third party indemnity provisions for the benefit of its director which were made during the period and remain in force at the date of this report.

Going concern

During the year the last loan asset principle was repaid. As such, the activity of the Company now is managing the remaining resources towards resolution of the Company. Once orderly settlement of the Company's affairs has been achieved, the Director will look to voluntarily liquidate the group, the timing of which is yet uncertain. Therefore the Company financial statements have been prepared on a basis other than going concern. There have been no adjustments made to the balance sheet from adopting a basis other than going concern.

Auditor

The 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 auditor is unaware; and
- the director has taken all the steps in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor (continued)

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

Deloitte LLP have expressed their willingness to continue in office and arrangements are being made for Deloitte LLP to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

Farhad Karim
Director

40 Berkeley Square
London
W1J 5AL

Isobel Loan Capital Limited

Directors responsibilities statement

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director 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, International Accounting Standard 1 requires that the director:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The director is 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.

Isobel Loan Capital Limited

Independent auditor's report to the members of Isobel Loan Capital Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Isobel Loan Capital Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- 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 IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Independent auditor's report to the members of Isobel Loan Capital Limited

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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

Garrath Marshall (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27 September 2018

Isobel Loan Capital Limited

Statement of comprehensive income
for the year ended 31 December 2017

	Notes	*2017* £	*2016* £
Revenue			
Interest income	6	1,379,120	1,564,779
Profit Allocation	7	13,791	944,976
Total revenue		**1,392,911**	**2,509,755**
Other income			
Bank interest		404	166
		404	**166**
Operating expenses			
Finance costs	11	(1,379,120)	(1,564,779)
Bad Debt Expense		-	(1,232,331)
Profit / (Loss) before taxation		**14,195**	**(287,189)**
Tax	15	(2,732)	(188,995)
Profit / (Loss) for the year		**11,463**	**(476,184)**
Other comprehensive income		-	-
Total profit / (loss) for the year		**11,463**	**(476,184)**

All income is derived from discontinued operations.

The notes on pages 12 - 22 form an integral part of the financial statements.

Isobel Loan Capital Limited

Statement of financial position
As at 31 December 2017

Company Registration No. 07815722	Note	*2017* £	*2016* £
Current assets			
Cash and cash equivalents	16	1,379,524	-
Total Assets		**1,379,524**	**-**
Current liabilities			
Accruals		(2,733)	
Loan due to related party	18	(1,365,328)	-
Net current assets		**11,463**	**-**
Non-current liabilities			
Loan from related party	12	2	2
Total liabilities		**(1,368,059)**	**2**
Net assets		**11,465**	**2**
Equity			
Called up share capital	13	2	2
Retained earnings		11,463	-
Total equity		**11,465**	**2**

The notes on pages 12 - 22 form an integral part of the financial statements.

The statutory financial statements were approved by the directors and authorised for the issue on 26 September 2018 and were signed on its behalf by:

Farhad Karim
Director

Isobel Loan Capital Limited

Statement of changes in equity
for the year ended 31 December 2017

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2016	2	476,184	476,186
Result for the year	-	(476,184)	(476,184)
Balance at 31 December 2016	2	-	2
Balance at 1 January 2017	2	-	2
Result for the year	-	11,463	11,463
Balance at 31 December 2017	2	11,463	11,465

The notes on pages 12 - 22 form an integral part of the financial statements.

Isobel Loan Capital Limited

Cash flow statement
for the year ended 31 December 2017

	Notes	*2017* £	*2016* £
Cash flows from operating activities			
Cash flows from operations	14	-	-
Net cash flows from operating activities		-	-
Cash flows from investing activities			
Cash received from loan repayment		1,379,120	188,553,029
Interest received		404	622,862
Net cash from investing activities		**1,379,524**	**189,175,891**
Cash flows from financing activities			
Repayment of long-term borrowings		-	(184,097,078)
Borrowing costs paid		-	(5,082,164)
Net cash used in financing activities		**-**	**(189,179,242)**
Net increase / (decrease) in cash and cash equivalents		**1,379,524**	**(3,351)**
Net opening cash and cash equivalents		-	3,351
Net closing cash and cash equivalents		**1,379,524**	**-**

The notes on pages 12 - 22 form an integral part of the financial statements.

Notes to the financial statements

for the year ended 31 December 2017

1) General Information

Isobel Loan Capital Limited is limited by shares and incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2) Adoption of new and revised Standards

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle	The Group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2014 – 2016 Cycle for the first time in the current year. The amendments are in the nature of clarifications rather than substantive changes to existing requirements. The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRSs that have been issued but not yet effective and in some cases not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRSs: 2014-2016 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IFRS 28 Investments in Associate or Joint Ventures
IFRIC 22	Foreign Currency Transactions and Advanced Consideration
IFRIC 23	Uncertainty over Income Tax Treatments

The director does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3) Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

During the year the last loan asset principle was repaid. As such, the activity of the Company now is managing the remaining resources towards resolution of the Company. Once orderly settlement of the Company's affairs has been achieved, the Directors will look to voluntarily liquidate the group, the timing of which is yet uncertain. Therefore the Company financial statements have been prepared on a basis other than going concern. There have been no adjustments made to the balance sheet from adopting a basis other than going concern.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance costs

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial instruments

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

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value and subsequently re-measured to their fair value at the reporting date.

3) Significant accounting policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The estimated future cash receipts used to calculate the effective interest rate, is based on the initial business plan the directors' adopted when the loan asset is purchased. These initial business plans may estimate that future cash will be received before or after legal maturity of the debt instrument, depending on the recovery strategy adopted.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables (including Failed sale assets)

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3) Significant accounting policies (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3) Significant accounting policies (continued)

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Failed sale asset
A failed sale asset is recognised when legal ownership is transferred to the Company but where the significant risks and rewards of ownership remain with the selling entity. The failed sale asset is initially measured at the value of the consideration received. The asset is subsequently measured at amortised cost using the effective interest method, with interest income recognised on an effective yield basis.

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5) Segment reporting

The Company only has one business segment: Investment in loan assets which all originate in the United Kingdom. The directors consider all the relevant information relating to the primary segment disclosed in these financial statements.

Notes to the financial statements
for the year ended 31 December 2017

6) Interest income

An analysis of the Company's interest income is as follows:	*2017*	*2016*
	£	£
Interest income on failed sale assets	1,379,120	1,564,779

Interest income from loans is recognised using the effective interest method as described in Note 3 and 4.

7) Profit Allocation

With the acquisition of loan assets from Isobel Assetco Limited an intercompany loan was created. This includes an element of deferred consideration such that 99% of the profits of the loan ((i.e. interest income, fees and principal repayments of the 3rd party loan less Interco loan interest expense and repayment less other associated costs (e.g. management fee)) are transferred to Isobel Assetco and 1% retained by the Company.

8) Auditors' remuneration

The audit fee of £10,000 (2016: £20,000) is borne by Isobel AssetCo Limited.

9) Staff costs

The Company does not have any employees and no director received any remuneration during the year (2016: none).

10) Dividends

The director does not recommend the payment of a dividend for the year (2016: none).

11) Finance costs

	2017	*2016*
	£	£
Borrowing costs on secured borrowings:		
Interest on related party loan	1,379,120	1,564,779

12) Loan from related party	*2017*	*2016*
	£	£
Non-current borrowings		
Secured borrowings at amortised cost		
Loans	2	2

All borrowings are denominated in Pound sterling.

13) Share capital	*2017*	*2016*
	£	£
Authorised, issued and fully paid - 2 shares of £1	2	2

The Company has one class of ordinary shares.

14) Notes to the cash flow statement	*2017*	*2016*
	£	£
Profit / (loss) for the year	14,195	(287,189)
Adjustments for:		
Interest revenue	(1,392,911)	(2,509,755)
Bank interest expense	(404)	(166)
Finance costs	1,379,120	1,564,779
Bad Debt Expense	-	1,232,331
Net cash flow from operating activities	-	-

15) Tax charge

	2017	2016
	£	£
Current taxation		
UK corporation tax for the year	(2,732)	(188,995)

A reconciliation of the total tax expense is as follows:

	2017	2016
	£	£
Profit / (loss) before tax	14,195	(287,189)
Tax (charge) / loss calculated at UK domestic tax rate of 19.3% (2016: 20.0%)	(2,732)	57,438
Tax effect of:		
Non-deductible expenses for tax purposes	-	(246,433)
Tax expense for the year	(2,732)	(188,995)

The effective tax rate of 19.3% (2016: 20.0%) per cent is equal to the blended standard rate of corporation tax in the UK over the accounting period. The tax expense includes recognition of the total profit due.

16) Cash and cash equivalents

	2017	2016
	£	£
Cash and bank balances	1,379,524	0

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

17) *Financial instruments*

Capital risk management

~~The Company now has no capital risk due to repayment of remaining loans in the year. The Company's strategy has~~ shifted to the successful resolution of the Company and Group.

The Company is not subject to any externally imposed capital requirements.

Financial risk management objectives

The Company monitors and manages financial risks relating to the operations of the Company. These risks include market risk, credit risk and liquidity risk.

Market risk

The main purpose of the Company was to hold restructured loan assets that were initially owned by Isobel Assetco Limited, a related entity. These loans are sold to the Company at the net present value of the loan at the transfer date. As the significant rewards of ownership of these loan assets remain with the selling entity, Isobel Assetco Limited, and the fact that the two entities are under the same management control, the Company relies on the risk management procedures implemented by Isobel Assetco Limited.

17) Financial instruments (continued)

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. With the Company's loan assets and associated receivables all now received the risk involved is sated.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company's ongoing operating expenses will be covered through by Isobel AssetCo Limited, who the directors are confident has enough resources.

Under the terms of the shareholder and other associated agreements, the Company has the ability to request additional loans from its shareholders and third parties as required.

The following table details the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. Sufficient cash reserves are held to cover these expenses.

2017	Reported value	Interest rate	0 - 1 year	1 - 5 years	5+ years	Total
Fixed interest rate instruments	2	6.50%	-	2	0	2
Loan Payable	1,365,328		1,365,328			1,365,328
	1,365,330		1,365,328	2	-	1,365,330

2016	Reported value	Interest rate	0 - 1 year	1 - 5 years	5+ years	Total
Fixed interest rate instruments	2	6.50%	-	2	-	2
	2		-	2	-	2

18) Related Parties

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a company it wholly owns and as a result, the UK Government and UK Government controlled bodies are related parties of the company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of: taxes including UK corporation tax and value added tax.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc. which is incorporated in the United Kingdom and registered in Scotland. Its immediate parent company is Isobel Intermediate Holdco Limited which is incorporated in the United Kingdom and registered in England and Wales.

The Royal Bank of Scotland Group plc. heads the largest group in which the Company is consolidated. Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc., Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

Isobel HoldCo Limited heads the smallest group in which the Company is consolidated.

The following table represents a summary of transactions that occurred during the reported period with other companies within the Isobel HoldCo Limited Group of companies:

	2017	*2016*
	£	£
Profit Allocation Income	13,791	944,976
Interest Expense	(1,379,120)	(1,564,779)
Interest paid	-	(5,082,164)

The following balances are outstanding as at the year end:

	2017	*2016*
	£	£
Profit Allocation Receivable	-	-
Interest Payable	-	-
Loan Payable	(1,365,328)	-

All of the above transactions occurred between the Company and Isobel AssetCo Limited.

19) Events after the reporting period

Since the end of the period, the directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report or the directors report that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to the year ended 31 December 2017.