Company Number 09351639

**Motor 2015 - 1 Plc**

Annual reports and financial statements

For the year ended 31 December 2017

**Motor 2015-1 Plc**

**Annual reports and financial statements for the year ended 31 December 2017**

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## Officers and professional advisers

### Directors

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Helena Whitaker

### Company secretary and registered office

Intertrust Corporate Services Limited
35 Great St. Helen's
London
EC3A 6AP

### Company number

09351639
(England and Wales)

### Independent auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

**Motor 2015-1 Plc**
**Company registration number 09351639**

**Strategic report for the year ended 31 December 2017**

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The Directors present the strategic report of Motor 2015 - 1 Plc (the "Company") for the year ended 31 December 2017.

**Principal activities and business review**

The Company was established as a special purpose company. On 2 March 2015 the Company raised funding by the issue of notes being £375,000,000 Class A1 Notes, £375,000,000 Class A2 Notes, (the "Class A Notes"), £71,700,000 Class B Notes and £64,210,467 Class C Notes (together with the Class A Notes, the "Notes") due June 2022. The Company used the funds to acquire an interest in a portfolio of auto receivables of £775,051,092 (the "Receivables") originated by Santander Consumer (UK) Plc (the "Seller", "Originator" and the "Subordinated Loan Provider"). The Receivables comprise auto loan contract receivables originated by the Seller in the UK, together with ancillary rights, purchased by the Company. The Notes are limited recourse obligations of the Company.

The purchase of the Receivables by the Company from the Seller has not been recognised on the balance sheet of the Company since the sale by the Seller fails the de-recognition criteria of IAS39 in the Seller's financial statements and therefore these Receivables remain on the balance sheet of Santander Consumer (UK) Plc. The cash paid by the Company for the purchase of the Receivables is therefore classified as a deemed loan to the Originator (the "Deemed Loan") on the balance sheet of the Company.

In accordance with the subordinated loan agreement a sterling loan facility in the principal amount of £24,401,533 (the "Subordinated Loan") has been made available to the Company by Santander Consumer (UK) Plc, in order to enable the Company to settle certain issuer expenses and establish and fund the reserve fund, which provides limited protection against shortfalls with respect to interest and principal on the Class A Note and Class B Notes (the "Reserve Fund"). The Subordinated Loan was repaid in December 2015.

For a certain period of time (the revolving period), the Company may use the principal collections received on the Receivables to purchase, subject to certain conditions, further eligible Receivables from the Seller, rather than to repay the principal on the outstanding Notes. During the year the Company acquired additional Receivables funded by using principal redemption proceeds from the Receivables.

As at 31 December 2017 the Receivables balance excluding deferred purchase price was £152,827,613 (2016: £436,332,990) which included receivables repurchased by the Seller, repayments and write-offs of £11,627,175 (2016: £6,137,579).

As at 31 December 2017 the balance of the Notes were:

| | |
|---|---|
| Class A2 | £38,587,191 |
| Class B | £71,700,000 |
| Class C | £64,210,467 |

The Notes are listed on the Irish Stock Exchange.

The Company's functions and business activities are set out in the offering circular dated 27 February 2015 (the "Prospectus") which also documented the terms and conditions of the Notes.

The Directors do not anticipate any other changes to the present level of activity, or the nature of, the Company's business in the near future.

**Results**

The Statement of comprehensive income of the Company is set out on page 12 and shows a loss for the financial year of £444,423 (2016: profit of £62,240).

**Key performance indicators, principal risks and uncertainties**

The loss of the year was £444,423 (2016: profit of £62,240) as shown in the Statement of comprehensive income on page 12. The loss for the year arose mainly due to the foreign exchange losses for the year being larger than the fair value gain on the cross currency swap taken out as economic hedges against exchange rate movements. These gains and losses are non-cash items.

The Company provides a full breakdown to the Note holders of the performance of the portfolio on a monthly basis. Some of the key performance indicators are:

| | 31 December 2017 £ |
|---|---|
| Outstanding balance of Receivables | **162,292,658** |
| Outstanding balances of Receivables more than 90 days in arrears | **1,738,752** |

As at 31 December 2017, 1.06% of the Receivables were over 90 days in arrears.

The principal risks and uncertainties faced by the Company are reviewed below under Financial Instruments.

**Financial instruments**

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments to finance the Deemed Loan as explained in the business review above.

The Company uses derivative financial instruments (currency and interest rate swaps) to manage the currency and interest rate risk arising from the Company's sources of income (the Deemed Loan) and its sources of finance (the Notes). It is not the Company's policy to trade in financial instruments.

The Company's exposure to risk on financial instruments and the management of such risk is largely determined prior to the issuance of the Notes. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the transaction, and is required by the rating agencies.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The principal nature of such risks is summarised below and in note 14.

**Credit risk**

Credit risk reflects the risk that the underlying borrowers or other transaction parties may not meet their obligations as they fall due.

The Deemed Loan may become impaired in case of a significant deterioration in the performance of the Receivables as a result of economic conditions in the UK in the future. This deterioration may result in higher levels of delinquencies and/or in a larger number of vehicle returns to the Seller at the end of the financing contracts when their market price would be less than the one currently forecasted and currently observed. The credit quality of the Receivables is set out in note 14.

Losses incurred on the securitised assets will not trigger an impairment charge as long as they do not exceed the credit enhancement granted by the Originator.

**Liquidity risk**

Liquidity risk reflects the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments, should the actual cash flows from its assets differ from those expected.

**Liquidity risk *(continued)***

The Company's assets (primarily the Deemed Loan) are financed by the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

The Company can also use the Reserve Fund to manage any remaining liquidity risk (note 14).

**Interest rate risk**

Interest rate risk exists where interest rates on assets and liabilities are set on different bases or reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company uses derivative financial instruments to mitigate any residual interest rate risk.

At the year end the Company was party to interest rate swaps to hedge against interest rate risk arising from the resetting of the interest rates of assets and liabilities on different bases.

**Currency risk**

Currency risk is the potential risk of loss from fluctuating foreign exchange rates.

The Company has a class of Notes ("Class A1") denominated in US dollars with interest and principal payable in US dollars and calculated by reference to USD London Inter-Bank Offered Rate (the "LIBOR"), however the interest and principal receipts in respect of the Receivables are received in sterling and calculated with respect to a fixed interest rate.

At the year end the Company was party to a currency swap in order to hedge against such currency risk exposure arising from the interest and principal payments on the Class A1 Notes.

**Capital management**

The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

On behalf of the board

Sue Abrahams
per pro **Intertrust Directors 1 Limited**
**Director**
21 June 2018

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2017.

**Going concern**

The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Deemed Loan under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the Note holders, there will be no further recourse to the Company (even in the event of default).

It is the intention of the directors for the Company to continue operations until such a time as the amounts due from the Receivables have been fully realised. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Receivables will be a risk to the Note holders.

Taking the above into account, the directors consider that it is appropriate to use the going concern basis in preparing the financial statements (refer to key performance indicators, principal risks and uncertainties section of the Strategic report).

**Future developments**

The Directors do not anticipate any other changes to the present level of activity, or the nature of, the Company's business in the near future.

**Financial risk management**

Information on financial risk management is included in the Financial instruments section of the Strategic report.

**Corporate governance**

The Directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been issued on the Irish Stock Exchange, the Directors are satisfied that there is no requirement to publish a corporate governance statement and that the Company is exempt from the disclosure requirements of The Irish Corporate Governance Annex and the provisions of the UK Code Corporate Governance Code.

**Share capital**

The issued share capital is £12,501 comprising 49,999 ordinary shares of £1 each which are a quarter paid and 1 fully paid ordinary share of £1.

**Directors and their interests**

The Directors of the Company during the year, and up to the date of signing the financial statements, were:

| | |
|---|---|
| Intertrust Directors 1 Limited | |
| Intertrust Directors 2 Limited | |
| Helena Whitaker | (appointed on 8 January 2018) |
| Debra Parsall | (appointed on 13 October 2017 and resigned on 8 January 2018) |
| Vinoy Nursiah | (resigned on 13 October 2017) |

**Directors and their interests *(continued)***

The Directors do not recommend the payment of a dividend.

None of the Directors have any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest during the year in any material contract or arrangement with the Company.

**Third party indemnities**

Qualifying third party indemnity provisions for the benefit of the Directors were in force during the year under review and remain in force as at the date of approval of the annual reports and financial statements.

**Company secretary**

The Company secretary during the year and up to the date of signing the financial statements was Intertrust Corporate Services Limited .

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with Companies Act 2006, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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 UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

## Statement of disclosure of information to auditors

The Directors confirm that:

a) so far as the Directors are aware, there is no relevant information of which the Company's auditors are unaware; and

b) each Director has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

## Independent auditors

The auditors, PricewaterhouseCoopers LLP has expressed their willingness to continue in office until the next annual general meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the board

Sue Abrahams
per pro **Intertrust Directors 1 Limited**
**As Director**
21 June 2018

# Report on the audit of the financial statements

## Opinion

In our opinion, Motor 2015-1 Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet statement as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

## Basis for opinion

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

*Independence*

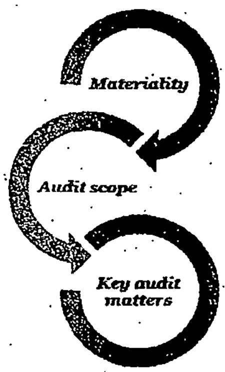
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2017 to 31 December 2017.

## Our audit approach

*Overview*




- Overall materiality: £1.8 million (2016: £5.5 million), based on 1% of total assets.

- The Company is a special purpose vehicle that forms part of a securitisation structure, established primarily as a means of raising wholesale funding for Santander Consumer Finance.
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the annual report and financial statements, ensuring audit procedures were performed in respect of every material financial statement line item.
- In establishing the overall approach to the audit, we determined the type of work that needed to be performed by us taking into account the accounting processes and controls in place at Santander Consumer Finance as the parent undertaking.
- We obtained an understanding of the control environment in place at Santander Consumer Finance and adopted a controls and substantive testing approach.

- Audit of the priority of payment.

*The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, UK tax legislation, Companies Act 2006 and the Finance Act 2005. Our tests included, but were not limited to review of the financial statement disclosures to underlying supporting documentation, review of minutes of the meetings of the board of directors occurring during the year and enquiries of management in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

*Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| *Audit of the priority of payment*<br><br>The priority of payments (the "waterfall") is key to ensuring that expenses, interest and principal repayments on the notes in issue are paid in the appropriate order on each payment date. The revenue and principal priority of payments are outlined in the transaction documents. The transaction documents also include triggers and trigger events, the breach or occurrence of which may affect the waterfall and therefore the financial statements.<br><br>We focused our audit testing on the revenue and principal waterfall, agreeing the order of payment back to the order in the transaction documents. Our audit approach also included testing of the repayments of debt securities in issue in line with the transaction documents and the recalculation of interest expense and accrued interest expense. | The following work was undertaken by us as part of the audit:<br><br>We understood the design of the structure through a combination of inquiry with management and reading the transaction documents to understand the revenue and principal priority of payments for the Company and understand the relevant triggers and trigger events.<br><br>We read the investor reports and minutes of the meetings of the board of directors in the year and up to the signing of the financial statements to identify and investigate any unusual trends or incidents that would indicate a misstatement in the preparation and calculation of the waterfalls.<br><br>Tested that the priority of payments applied was in line with the transaction documents and for the occurrence of any trigger breaches or trigger events per the transaction documents and any impact on the waterfall and financial statements.<br><br>Tested the payments in the waterfall including expenses, interest and principal payments on notes and notes outstanding at the year-end.<br><br>Tested the interest expense using interest rates set out in the transaction documents and, where applicable, independently sourced reference interest rates.<br><br>We found no material exceptions in performing these tests. |

*How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

*Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| ***Overall materiality*** | £1.8 million (2016: £5.5 million). |
| ***How we determined it*** | 1% of total assets. |
| ***Rationale for benchmark applied*** | As a Special Purpose Entity ("SPE") is established as a not for profit entity, funded almost entirely by debt, it would follow that users may focus their attention on the SPE's total assets as suggested by ISA (UK) 320 paragraph A4. It is therefore considered appropriate that overall materiality could in the context of an SPE audit be calculated as 1% of total assets. |

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above £0.1 million (2016: £0.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## Independent auditors' report to the members of Motor 2015-1 Plc

### Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 auditors' report.

*Use of this report*

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.

## Other required reporting

### Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Board of Directors, we were appointed by the directors on 31 March 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2016 to 31 December 2017.

Timothy Lawrence

Timothy Lawrence (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2018

Motor 2015-1 Plc

**Statement of comprehensive income for the year ended 31 December 2017**

| | Note | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|---|
| Interest receivable and similar income | 2 | 21,605,917 | 43,626,994 |
| Interest payable and similar expenses | 3 | (20,693,721) | (36,813,315) |
| **Net interest income** | | **912,196** | **6,813,679** |
| Change in fair value of derivatives | 5 | (29,880,204) | 20,903,443 |
| Operating expenses | 4 | (2,655,776) | (5,063,446) |
| Net foreign exchange gain / (loss) | 17 | 31,180,054 | (22,591,201) |
| **(Loss) / profit before taxation** | **6** | **(443,730)** | **62,475** |
| Tax on (loss) / profit | 8 | (693) | (235) |
| **(Loss) / profit for the financial year** | **13** | **(444,423)** | **62,240** |
| **Total other comprehensive income** | | - | - |
| **Total comprehensive (expense) / income for the year** | | **(444,423)** | **62,240** |

All amounts relate to continuing activities.

There is no difference between the profit before taxation and the profit for the financial year stated above and their historical costs equivalents except for the effect of measurement of certain financial instruments at fair value, as permitted by FRS 102.

The accompanying notes on pages 15 to 26 are an integral part of these financial statements.

Motor 2015-1 Plc
Company registration number 09351639

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

| | Called up share capital | Retained losses | Total shareholder's deficit |
|---|---|---|---|
| | £ | £ | £ |
| **Balance as at 1 January 2016** | **12,501** | **(56,723)** | **(44,222)** |
| Total comprehensive income for the financial year | - | 62,240 | 62,240 |
| **Balance as at 1 January 2017** | **12,501** | **5,517** | **18,018** |
| Total comprehensive expense for the financial year | - | (444,423) | (444,423) |
| **Balance as at 31 December 2017** | **12,501** | **(438,906)** | **(426,405)** |

The accompanying notes on pages 15 to 26 are an integral part of these financial statements.

**Motor 2015-1 Plc**
**Company registration number 09351639**

**Balance sheet as at 31 December 2017**

| | Note | 2017 £ | 2016 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Loan | 9 | 31,673,634 | 230,377,148 |
| **Current Assets** | | | |
| Debtors: amounts falling due within one year | 10 | 121,984,754 | 207,100,477 |
| Debtors: amounts falling after more than one year | 10 | - | 29,432,873 |
| Cash at bank and in hand | | 24,472,364 | 79,497,945 |
| **Total current assets** | | **146,457,118** | **316,031,295** |
| **Creditors: amounts falling due within one year** | 11 | **(136,417,275)** | **(264,491,693)** |
| **Net current assets** | | **10,039,843** | **51,539,602** |
| **Total assets less current liabilities** | | **41,713,477** | **281,916,750** |
| **Creditors: amounts falling due after more than one year** | 11 | **(42,139,882)** | **(281,898,732)** |
| **Net (liabilities) / assets** | | **(426,405)** | **18,018** |
| **Capital and reserves** | | | |
| Called up share capital | 12 | 12,501 | 12,501 |
| Retained losses | 13 | (438,906) | 5,517 |
| **Total shareholders' (deficit) / funds** | **14** | **(426,405)** | **18,018** |

The accompanying notes on pages 15 to 26 are an integral part of these financial statements.

The financial statements on pages 12 to 26 were approved and authorised for issue by the Board of Directors on 21 June 2018, and were signed on its behalf by;

Sue Abrahams
per pro **Intertrust Directors 1 Limited**
**As Director**

## 1 Accounting policies

***General information***

Motor 2015-1 plc (the "Company"), is a public company with limited liability, was incorporated as a special purpose company on 11 December 2014 in the United Kingdom and registered in England and Wales under the Companies Act 2006. The registered office of the Company is 35 Great St. Helen's, London, EC3A 6AP.

***Basis of accounting***

The financial statements of the Company are prepared on a going concern basis under the historical cost convention as modified by revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Company has adopted Financial Reporting Standard 102. The Company has adopted in full IAS 39 with respect to the recognition and measurement of financial instruments.

The accounting policies which have been applied consistently throughout the year to the Company's financial statements are set out below. The Directors have adjusted the format of the profit and loss account and balance sheet as allowed under Companies Act 2006 as in the opinion of the Directors net interest income is a more appropriate measurement of the Company's performance than turnover and cost of sales.

***Going concern***

The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Deemed Loan under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the Note holders, there will be no further recourse to the Company (even in the event of default).

It is the intention of the directors for the Company to continue operations until such a time as the amounts due from the Receivables have been fully realised. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Receivables will be a risk to the Note holders.

Taking the above into account, the directors consider that it is appropriate to use the going concern basis in preparing the financial statements (refer to key performance indicators, principal risks and uncertainties section of the Strategic report).

***Segmental analysis***

The principal assets of the Company are the Receivables which are originated in the UK and funded by the Notes issued in the UK plus the credit support in the form of overcollaterisation. All cash and cash equivalents are held in the UK.

***Financial instruments***

In accordance with Section 11 of Financial Reporting Standard 102, the provisions of IAS 39 have been adopted in full with respect to the recognition and measurement of financial instruments.

***Loan to originator***

Where a transfer of a financial asset does not qualify for de-recognition, the transferee does not recognise the transferred asset as its asset. The transferee derecognises the cash or other consideration paid and recognises a receivable from the transferor. In relation to the Receivables transferred to the Company, de-recognition is considered to be inappropriate for the Originator's own financial statements as the Originator has retained significant risks, in the form of credit enhancement paid in, and rewards, in the form of deferred purchase price to be paid out, of that financial asset.

**1 Accounting policies *(continued)***

***Loan to originator (continued)***

The Company's financial statements are therefore prepared on the basis that its acquisitions of beneficial interests in the Receivables are recognised as a collateralised non-recourse loan to the Originator.

Under the terms of the securitisation, the Company retains the right to £300 each month of available revenue receipts from the beneficial interest in the Receivables, to the extent sufficient cash is available for such retention. This is reflected in the statement of comprehensive income before any movements on fair value gains and losses on derivatives. Available revenue receipts are defined by the programme documentation and include interest on the Receivables and interest received on the bank accounts. Profits in excess of this accrue to the Seller of the Receivables.

Loans are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. They are classified as loans and receivables. Loans are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised 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 initial recognition. Subsequent increases in fair values of the Loans, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in the statement of comprehensive income to the extent previous impairment losses have been taken through the statement of comprehensive income. The reversal shall not result in a carrying amount of the Loans that exceeds the amortised cost had no impairment been recognised.

***Impairment***

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent year the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

***Interest receivable and similar income and interest payable and similar charges***

The Company accounts for interest income and expense on an accruals basis. Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

**1 Accounting policies *(continued)***

***Derivative financial instruments***

The derivative instruments utilised by the Company are interest rate and currency rate swaps. Such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy. Derivative financial instruments are classified as held for trading and recorded at fair value, with any gain or loss on re-measurement being recognised in the statement of comprehensive income. The Company does not enter into speculative derivative contracts. The Company does not apply hedge accounting. The fair value of the derivative instruments swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, and is calculated by discounting future cash flows using observable market data at that date.

***Cash at bank and in hand***

Cash at bank and in hand comprise cash on hand and demand deposits. The Company does not hold restricted cash.

***Cash flow statement***

As detailed in note 15, Santander UK Plc has effective control over the Company's operations. Santander UK Plc, a company registered in England & Wales, prepares consolidated financial statements incorporating this Company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under section 7 of FRS 102.

***Foreign currency translation***

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"), which is Sterling.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the values of exchange prevailing at that date. Foreign currency transactions are translated into functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

***Taxation***

The Directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised. Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement.

***Use of estimates and judgments***

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 1 Accounting policies *(continued)*

### *Use of estimates and judgments (continued)*

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. The judgments and estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and 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:

### *Derivative financial instruments*

Derivative financial instruments are classified as held for trading and recorded at fair value, with any gain or loss on re-measurement being recognised in the profit and loss account. The Company does not enter into speculative derivative contracts. The fair value of the derivative instruments swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, and is calculated by discounting future cash flows using observable market data at that date.

## 2 Interest receivable and similar income

| | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|
| Deemed Loan interest | 21,491,040 | 43,374,306 |
| Bank interest | 114,877 | 252,688 |
| | **21,605,917** | **43,626,994** |

## 3 Interest payable and similar expenses

| | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|
| Interest expense on the Notes | 4,914,290 | 8,248,049 |
| Interest payable in respect of interest rate and currency swap contracts | 483,874 | 1,841,336 |
| Deferred purchase price | 15,295,557 | 26,723,930 |
| | 20,693,721 | 36,813,315 |

## 4 Operating expenses

| | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|
| Amortisation of issue costs | 300,590 | 347,336 |
| Administration and professional fees | 2,355,186 | 4,716,110 |
| | **2,655,776** | **5,063,446** |

## 5 Change in fair value of derivatives

| | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|
| Interest rate swap gain/(loss) | 869,209 | (1,538,963) |
| Currency swap (loss)/gain | (30,749,413) | 22,442,406 |
| | **(29,880,204)** | **20,903,443** |

## 6 Profit before taxation

| | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|
| This has been arrived at after charging: | | |
| Auditors' remuneration - audit of the Company's annual financial statements | 13,325 | 13,000 |
| | **13,325** | **13,000** |

## 7 Directors and employees

The Company has no employees and services required are contracted from third parties. The Directors received no remuneration from the Company in respect of qualifying services rendered during the current year. During the year, fees of £12,852 (2016: £22,894) were paid to Intertrust Management Limited in respect of corporate services provided to the Company; this included the provision of Directors to the Company. As at year end corporate services fees of £nil (2016: £nil) were accrued.

## 8 Tax on profit

| | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|
| **a) Analysis of the Company tax charge in the year** | | |
| UK corporation tax charge on the profit for the year | **693** | **235** |

## 8 Taxation on profit *(continued)*

### b) Factors affecting the Company current tax charge for the year

The tax assessed for the year is lower than (2016: lower) the standard rate of corporation tax in the UK. A reconciliation of factors affecting the Company current tax charge is presented below:

| | 1 January 2017 to 31 December 2017 £ | 1 January 2016 to 31 December 2016 £ |
|---|---|---|
| (Loss) / profit before taxation | (443,730) | 62,475 |
| Current tax credit / (charge) at 19.25% (2016: 20.00% ) | 85,418 | (12,495) |
| Effects of: | | |
| Accounting profits not considered for tax purposes in accordance with SI 2006/3296 | (85,418) | 12,495 |
| Cash retained profit taxed in accordance with SI 2006/3296 | 693 | 235 |
| Total tax charge | 693 | 235 |

For UK corporation tax purposes, the Company has been considered as a securitisation company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits of £300 per interest payment date as specified in the documentation governing the Transaction.

The standard rate of corporation tax in the UK has decreased to 19% from 20% effective from 1 April 2017.

A rate reduction of 2% was announced in September 2016 which will reduce the tax rate to 17% from 1 April 2020. This will further reduce the Company's future current tax charge.

## 9 Loan

| | 2017 £ | 2016 £ |
|---|---|---|
| Opening balance | 436,332,990 | 726,071,399 |
| Amortisation and repayments of Receivables | (272,301,580) | (383,230,937) |
| Further Receivables purchased | - | 93,492,528 |
| Deferred consideration | (11,203,797) | - |
| Closing balance | 152,827,613 | 436,332,990 |

The Maturity profile of the Loan is as follows:

| | 2017 £ | 2016 £ |
|---|---|---|
| In one year or less (see note 10) | 121,153,979 | 205,955,842 |
| In more than one year | 31,673,634 | 230,377,148 |
| | 152,827,613 | 436,332,990 |

## 10 Debtors

| | 2017 £ | 2016 £ |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Loans due within one year (see note 9) | 121,153,979 | 205,955,842 |
| Other debtors | 830,775 | 1,144,635 |
| | 121,984,754 | 207,100,477 |
| **Amounts falling due after more than one year:** | | |
| Currency swap contracts | - | 30,749,413 |
| Interest rate swap contracts | - | 1,316,540 |
| | - | 29,432,873 |

## 11 Creditors

| | 2017 £ | 2016 £ |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Notes | 132,357,776 | 205,955,842 |
| Accrued interest payable on Notes | 9,024 | 36,267 |
| Accrued expenses | 330,883 | 335,983 |
| Interest rate swap contracts | 447,331 | - |
| Swap collateral | - | 31,988,262 |
| Other creditors | 3,270,848 | 1,632,557 |
| Corporation tax liability | 1,413 | 720 |
| Deferred purchase price | - | 24,542,062 |
| | **136,417,275** | **264,491,693** |
| **Amounts falling due after more than one year:** | | |
| Notes | **42,139,882** | **281,898,732** |

The Notes are secured over the underlying Receivables and the security related thereto.

## 12 Called up share capital

| | 2017 £ | 2016 £ |
|---|---|---|
| *Called up, issued and allotted* | | |
| Ordinary shares of £1 each: 49,999 (2016:49,999) - quarter paid | 12,500 | 12,500 |
| Ordinary shares of £1: 1 (2016:1) fully paid | 1 | 1 |
| | **12,501** | **12,501** |

All shares were allotted and consideration has been received. The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The ordinary shares have attached to them full voting, dividend and capital distribution (including winding up) rights. The ordinary shares do not confer any rights on redemption.

## 13 Retained earnings

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Opening balance | 5,517 | (56,723) |
| (Loss) / profit for the financial year | (444,423) | 62,240 |
| At 31 December | (438,906) | 5,517 |

## 14 Financial instruments

The nature of the financial instruments used during the year to mitigate credit risk, liquidity risk currency and interest rate risk is shown in the Strategic Report under the heading 'Financial Instruments'.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company's exposure to risk on its financial instruments and the management of such risk is largely determined from inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined in the Prospectus.

In addition, derivative contracts are entered into as part of the securitisation transaction to hedge all interest rate and currency risk arising in the transaction including the obligations under the Notes. The derivative counterparties are selected as regulated financial institutions and this reduces the risk of default and loss for the Company.

Following initial set-up, the Directors monitor the Company's performance, reviewing monthly reports on the performance of the Receivables. Such review is designed to ensure that the terms of the documentation have been met, that no unforeseen risks have arisen and that the Note holders have been paid on a timely basis.

The table below shows the classification of the financial instruments of the Company at the year end.

| 2017 | Fair value through profit and loss | Loans and receivables at amortised cost | Financial liabilities at amortised cost | Total carrying value |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Assets: | | | | |
| Loan | - | 152,827,613 | - | 152,827,613 |
| Cash at bank and in hand | - | 24,472,364 | - | 24,472,364 |
| Other debtors | - | 830,775 | - | 830,775 |
| | - | 178,130,752 | - | 178,130,752 |
| Liabilities: | | | | |
| Notes | - | - | 174,497,658 | 174,497,658 |
| Derivatives | 447,331 | - | - | 447,331 |
| | 447,331 | - | 174,497,658 | 174,944,989 |

## 14 Financial instruments *(continued)*

| 2016 | Fair value through profit and loss £ | Loans and receivables at amortised cost £ | Financial liabilities at amortised cost £ | Total carrying value £ |
|---|---|---|---|---|
| **Assets:** | | | | |
| Deemed Loan | - | 436,332,990 | - | 436,332,990 |
| Cash at bank and in hand | - | 79,497,945 | - | 79,497,945 |
| Other debtors | - | 1,144,635 | - | 1,144,635 |
| Derivatives | 29,432,873 | - | - | 29,432,873 |
| | **29,432,873** | **516,975,570** | **-** | **546,408,443** |
| **Liabilities:** | | | | |
| Notes | - | - | 487,854,574 | 487,854,574 |
| Accrual and deferred income | - | - | 24,542,062 | 24,542,062 |
| | **-** | **-** | **512,396,636** | **512,396,636** |

**Credit risk**

The ability of the Company to meet its obligations to make principal and interest payments on the Notes and to meet its operating and administrative expenses is dependent on the extent that it has such amounts available to it.

Credit risk exists on the Deemed Loan and also on the derivatives that the Company holds to manage the interest rate and currency risk arising on the Notes. The swap counterparties are regulated financial institutions.

The maximum exposure to credit risk as stated above arising on the Company's financial assets at the reporting date is disclosed in the table below and is equivalent to the carrying value of the financial assets.

| | Carrying value 2017 £ | Maximum exposure 2017 £ | Carrying value 2016 £ | Maximum exposure 2016 £ |
|---|---|---|---|---|
| **Assets:** | | | | |
| Deemed Loan | 152,827,613 | 152,827,613 | 436,332,990 | 436,332,990 |
| Cash at bank and in hand | 24,472,364 | 24,472,364 | 79,497,945 | 79,497,945 |
| Other debtors | 830,775 | 830,775 | 1,144,635 | 1,144,635 |
| | **178,130,752** | **178,130,752** | **516,975,570** | **516,975,570** |
| **Derivative assets:** | | | | |
| Swap contracts | - | - | **29,432,873** | **29,432,873** |

## 14 Financial instruments *(continued)*

The table below sets out the carrying value and performance of the Deemed Loan.

| | Carrying value 2017 £ | Carrying value 2016 £ |
|---|---|---|
| Loan | 152,827,613 | 436,332,990 |
| Past due but not impaired | - | - |
| Past due and impaired | - | - |
| | 152,827,613 | 436,332,990 |

### Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayment on the Receivables underlying the Deemed Loan.

In the event that the Company has insufficient funds available to pay interest and / or principal on the Notes, the Company, under certain conditions and to the extent funds are available, is obliged to draw on the Reserve Fund to meet its obligations to the Note holders.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of both derivative and non-derivative financial instruments.

| As at 31 December 2017 | Carrying Value £ | Gross cash flows £ | In less than 1 month £ | After 1 month but within 3 months £ | After 3 months but within one year £ | After 1 year but within 5 years £ |
|---|---|---|---|---|---|---|
| Notes | 174,497,658 | 174,497,658 | 12,297,288 | 29,659,857 | 90,400,631 | 42,139,882 |
| Interest payable on Notes | 9,024 | 2,484,012 | 260,671 | 510,860 | 1,380,462 | 332,019 |
| Total non derivative financial instruments | **174,506,682** | **176,981,670** | **12,557,959** | **30,170,717** | **91,781,093** | **42,471,901** |
| **Derivative financial instruments:** | | | | | | |
| Interest rate swap contracts | 447,331 | 447,331 | - | - | - | 447,331 |
| Total derivative financial instruments | 447,331 | 447,331 | - | - | - | 447,331 |
| **Total as at 31 December 2017** | **174,954,013** | **177,429,001** | **12,557,959** | **30,170,717** | **91,781,093** | **42,919,232** |

| As at 31 December 2016 | Carrying Value £ | Gross cash flows £ | In less than 1 month £ | After 1 month but within 3 months £ | After 3 months but within one year £ | After 1 year but within 5 years £ |
|---|---|---|---|---|---|---|
| Notes | 487,854,574 | 416,174,509 | 12,395,871 | - | 153,059,960 | 250,718,678 |
| Interest payable on Notes | 36,267 | 8,221,167 | 474,451 | 892,672 | 3,414,241 | 3,439,803 |
| **Total as at 31 December 2016** | **487,890,841** | **424,395,676** | **12,870,322** | **892,672** | **156,474,201** | **254,158,481** |

**14 Financial instruments *(continued)***

**Market risk**

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

The Company is exposed to market risk in the form of interest rate risk and currency risk.

**Interest rate risk**

Interest rate risk exists where interest rates on assets and liabilities are set on different bases or reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company uses derivative financial instruments to mitigate any residual interest rate risk.

At the year end the Company was party to interest rate swaps to hedge against interest rate risk arising from the resetting of the interest rates of assets and liabilities on different bases.

Interest on the Notes is determined and payable monthly in arrears. As at 31 December 2017 the following rates were applicable:

| Notes | Carrying value 31 December 2017 £ | Carrying value 31 December 2016 £ | Interest rate as at 31 December 2017 |
|---|---|---|---|
| Class A1 | - | 158,663,452 | USD LIBOR + 0.60% |
| Class A2 | 38,587,191 | 193,280,655 | GBP LIBOR + 0.48% |
| Class B | 71,700,000 | 71,700,000 | 2.10% fixed rate |
| Class C | 64,210,467 | 64,210,467 | 2.20% fixed rate |
| | **174,497,658** | **487,854,574** | |

At 31 December 2017, if LIBOR for three-month deposits at that date had been 25 basis points higher or lower, with all other variables held constant, the net effect on the Company's net margin would be £205,864 (2016: £160,102).

**Currency risk**

Currency risk is the potential risk of loss from fluctuating foreign exchange rates.

The Company had Class A1 Notes denominated in US dollars with interest and principal payable in US dollars and calculated by reference to USD LIBOR. The Class A1 Notes were repaid in December 2017.

**Fair value of financial assets and liabilities**

Financial Reporting Standard 102 in relation to the nature of the financial instruments that are measured in the balance sheet at fair value requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

level 1 - prices (unadjusted) in active markets for identical assets or liabilities.

level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

**14 Financial instruments *(continued)***

**Fair value of financial assets and liabilities *(continued)***

The only financial instruments included in the Company's statement of financial position that are measured at fair value are derivative transactions. As the fair value of such derivatives is calculated by discounting future cash flows using appropriate and observable market data, these fall within level 2 of the hierarchy (2016: level 2).

**15 Parent undertaking and controlling party**

The Company's immediate parent company is Motor 2015-1 Holdings Limited, a company incorporated in the United Kingdom. The entire share capital of Motor 2015-1 Holdings Limited is held by the legal parent company, Intertrust Corporate Services Limited, which holds the share in trust for the benefit of certain discretionary objects detailed in the Share Trust Deed of the Motor 2015-1 Trust.

The smallest group in which the Company is consolidated is Santander UK Plc which is a subsidiary of Santander UK Group Holdings Plc. The largest group in which the Company is consolidated is Banco Santander SA.

The Company's ultimate parent undertaking, controlling party and largest group of which the Company is a member is Banco Santander SA, a company incorporated in Spain. Copies of the group financial statements are available from Paseo de Pereda 9-12, Santander, Spain.

**16 Related party transactions**

During the year fees of £12,852 (2016: £22,849) were paid to Intertrust Management Limited in respect of corporate services provided to the Company. As at year end corporate services fees of £nil (2016: £nil) were accrued.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited.

The balance of the vehicle finance receivable purchased from Santander Consumer (UK) Plc is £152,827,613 (2016: £436,332,990). Interest received during the year on the Receivables and included within interest income amounted to £21,491,040 (2016: £43,374,306). The deferred purchase price balance as at year end is £11,203,797 (2016: £24,542,062).

Santander Consumer (UK) Plc acts as servicer for the Receivables portfolio for the Company and received £2,222,194 (2016: £4,632,295) during the year. As at 31 December 2017, £3,303 (2016: £8,793) of this amount is outstanding.

During the year interest of £114,876 (2016: £252,688) was earned on the bank account the Company holds with Santander UK Plc. As at year end interest receivable of £nil (2016: £24,393) was accrued. The balance on the bank account as at year end is £12,862,979 (2016: £24,582,559).

Santander UK Plc is the Note holder for the Class B and C Notes, which bear interest at 2.1% and 2.2% respectively. Interest charged during the year amounted to £1,497,450 (2016: £1,509,825) on Class B Notes and £1,405,079 (2016: £1,416,501) on Class C Notes. As at year end the balance of the Notes were £71,700,000 (2016: £71,700,000) and £64,210,467 (2016: £64,210,467).