Company Number 09541195

Kingswood Mortgages 2015-1 Plc

Annual report and financial statements

For the year ended 31 March 2018

Kingswood Mortgages 2015-1 Plc

Annual reports and financial statements for the year ended 31 March 2018

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Officers and professional advisers

Directors

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Susan Abrahams
Daniel Jaffe

Company secretary and registered office

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

Company number

09541195
(England and Wales)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

The directors present the strategic report of Kingswood Mortgages 2015-1 Plc (the "Company") for the year ended 31 March 2018.

Principal activities, business review and future developments

The Company, a public company with limited liability, was incorporated on 14 April 2015 in the United Kingdom and registered in England and Wales under the Companies Act 2006.

The Company was established as a special purpose company to raise funding through the issue of notes and to apply the proceeds to acquire a portfolio of residential mortgage loans.

On 17 July 2015 (the "Closing Date") the Company raised €184,287,721 funding through the issue of asset backed floating rate notes with a final maturity date due in October 2052 (the "Notes") and also raised funding of €1,770,000 through the issue of subordinated notes (the "Sub Notes"). The Notes are listed on the Irish Stock Exchange.

The Company then applied the proceeds of the issuance of the Notes as initial consideration to acquire a portfolio of mortgage loans and their related security (the "Mortgage Loans") sold by L2 B.V. (the "Seller") and secured over residential properties located in Germany. In addition, the Company issued residual certificates (the "Residual Certificates") to the Seller. The Residual Certificates represent the right to receive deferred consideration for the purchase of the Mortgage Loans. The proceeds from the issuance of the Sub Notes were used to set up reserve fund.

Whilst legal ownership of the Mortgage Loans transferred from the Seller to the Company, the transfer failed the de-recognition criteria of IAS 39 in the Seller's financial statements and therefore these Mortgage Loans remain on the statement of financial position of the Seller. Therefore instead of recognising the Mortgage Loans on statement of financial position the Company has recognised a loan to the Seller (the "Loan"). On day one, this represented the amount corresponding to the consideration paid by the Company for the pool of the Mortgage Loans, less the Sub Notes and the Residual Certificates issued to the Seller. On an ongoing basis, this is adjusted for subsequent principal receipts from the underlying Mortgage Loans.

The directors do not anticipate any changes to the nature of the Company's business in the near future, or any changes to the underlying transaction.

Results

The statement of comprehensive income of the Company is set out on page 12. The profit and total comprehensive income for the financial year ended 31 March 2018 was €2,195 (2017: €1,231,585).

Key performance indicators, principal risks and uncertainties

The principal balance of the Loan, a key performance indicator, held by the Company decreased during the year from €128,104,595 to €35,770,587 at 31 March 2018, due to early redemption options availed by the underlying borrowers and scheduled amortisations. The principal repaid on the Loan is used to redeem the Notes and at the year end the amortised cost of the Notes amounted to €48,506,889 (2017: €146,208,413).

Some of the key performance indicators are:

Mortgage Loans	31 March 2018	31 March 2017
Underlying mortgage assets	€50,272,545	€142,606,552
Mortgage assets 3 months or more in arrears	€677,293	€1,803,854
Number of loans 3 months or more in arrears	6	19
Number of mortgage loans in repossession	-	-

Key performance indicators, principal risks and uncertainties *(continued)*

There were no changes to the credit ratings of the Notes during the year and there were no triggers breached. The structure includes a number of credit enhancements, including excess spread, principal deficiency ledgers and the reserve fund. During the year €2,360,127 (2017: €5,951,338) of excess spread has been paid to the holders of Residual Certificates. The remaining excess spread income is being used to top up the Credit Reserve Funds as per Credit Reserve Fund Target Liquidity Amount. The outstanding amount on the principal deficiency ledger is currently €nil (2017: €nil). There have been no drawdowns on the Reserve Fund or trigger breaches.

The Company's activities expose it to a number of risks and uncertainties as summarised below and discussed in more detail in the prospectus under the risk factors section. Risk management is, in the main, predetermined based on the terms of the prospectus and is also summarised 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 acquisition of Mortgage Loans, which has been extended to the Seller in the form of a Loan explained in the review of the business above. It is not the Company's policy to trade in financial instruments.

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

Credit risk

Credit risk reflects the risk that the underlying borrowers of the Mortgage Loans or other transaction parties will not meet their obligations as they fall due. The Company's principal business objective rests on the performance of the Mortgage Loans. The Weighted Average Current Loan to Original Value ratio (the "LTV") at the date the Company acquired the Loan was 93.05%. During the financial year, LTV, presented in quarterly investor reports, decreased to 89.10% (2017: 90.27%) as at 31 March 2018. The credit risk is partially mitigated by credit enhancements such as the deferred consideration and subordinated notes retained by the seller as a result of which the book value of the deemed loan is lower than the contractual receivable amount.

Liquidity risk

Liquidity risk reflects the risk that the Company may 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. The Company's assets (the Mortgage Loans) are financed principally by the issuance of 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 has a reserve fund in place to cover any unsettled third party fees and interest due to noteholders. The reserve fund was initially funded on day 1 from the proceeds of the Sub Notes and is currently being increased at each interest payment date (the "IPD") through the redistribution of excess spread to increase it up to the Credit Reserve Fund Target Liquidity Amount

The Notes are subject to mandatory redemption in part on each IPD in an amount equal to the principal received or recovered in respect of the Loan (see note 1 under accounting policies). Additionally, available revenue funds will be applied as available principal funds in accordance with the pre-enforcement revenue payments priorities. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the IPD falling in October 2052. The Notes are limited recourse obligations of the Company, therefore, to the extent that there are insufficient funds available to pay all outstanding liabilities on the Notes, payments will be made in accordance with the applicable payments priorities in the Company's prospectus and any outstanding amounts on the Notes will cease to be due and payable by the Company.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis 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; and where this is not possible, uses derivative financial instruments to mitigate any residual interest rate risk.

The Company entered into an interest rate swap to hedge against interest rate risk as the Loan is subject to variable rates while the Notes are based on Three-Month Euro Interbank Offered Rate (the "EURIBOR").

Currency risk

The Company is not exposed to currency risk as all its financial instruments are denominated in Euro.

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 this minimum requirement.

On behalf of the Board

Susan Abrahams
per pro **Intertrust Directors 1 Limited**
as Director
26 September 2018

The directors present their annual report together with the audited financial statements for the year ended 31 March 2018.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Mortgage Loans. The Notes are a limited recourse obligation of the Company, secured over the Loan, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Mortgage Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. The reserve fund is available to make interest payments to the noteholders if interest arrears would otherwise occur.

Despite the current uncertainty in the economic environment, after making enquiries regarding the quality of assets and liquidity facilities in place and the limited recourse nature of the Company's borrowings, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Future developments

Information on future developments is included in the principal activities, business review and future developments section of the Strategic report.

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 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 largely exempt from the disclosure requirements of The Irish Corporate Governance Annex and the provisions of the UK Corporate Governance Code.

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
Susan Abrahams
Claudia Wallace (appointed 14 April 2015; resigned 20 July 2018)
Daniel Jaffe (appointed 20 July 2018)

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.

Issued share capital

The issued share capital consists of £12,501 comprising 50,000 ordinary shares of £1 each with one ordinary share being fully paid and 49,999 shares being quarter paid.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the period 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 subsequently was Intertrust Corporate Services Limited.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 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). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

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, have 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

Susan Abrahams
per pro **Intertrust Directors 1 Limited**
as Director
26 September 2018

Independent auditors' report to the members of Kingswood Mortgages 2015-1 Plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit and cash flows 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 statement of financial position as at 31 March 2018; the statement of comprehensive income, the statement of cash flow, 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 Audit Committee.

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

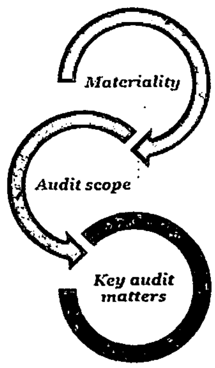
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities 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 April 2017 to 31 March 2018.

Our audit approach

Overview



Overall materiality: €550,840 (2017: €1,598,714), based on 1% of Total assets.

The Company, a public company with limited liability, was established as a special purpose company to raise funding through the issue of notes and to apply the proceeds to acquire a portfolio of residential mortgage loans.

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 statements 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 consideration the accounting processes in place, and the industry in which the company operates.

Potential errors in the ongoing accounting of Loans and Advances and potential errors in the application of the priority of payments

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, the Companies Act. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation and enquiries with management. 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*
Potential errors in the ongoing accounting of Loans and Advances and potential errors in the application of the priority of payments, Both the Loan asset and the Notes liabilities were measured at Fair Value on initial recognition and then are subsequently measured at amortised cost using the effective interest rate method and will be reduced by any capital redemptions occurring during the year. Cash receipts in respect of the Loan are required by the underlying transaction documents to be paid out in line with the prevailing priority of payments (or "Waterfall"). As such, payments (including those pertaining to the Note liabilities) are made, subject to cash being available, via application of the Waterfall. Related disclosures in the financial statements: • Note 1 Accounting policies • Note 8 Deemed Loan • Note 9 Debtors • Note 10 Creditors • Note 13 Financial instruments	We discussed the appropriateness of the recognition and measurement of the Loan and the Notes with management. We undertook the following procedures to test management's measurement of the Loan and the Notes: • Confirmed the contractual amounts outstanding at the year-end as being the opening balance less principal payments recognised during the year and agreed these balances to third party investor reporting. • For each Waterfall payment date occurring during the year, we compared the available amounts for distribution to the amounts received in respect of the Loans; and the prevailing priority of payments to that stated within the legal transaction documentation. We found no material exceptions in performing these tests

How we tailored the audit scope

Independent auditors' report to the members of Kingswood Mortgages 2015-1 Plc *(continued)*

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.

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	€550,840 (2017: €1,598,714).
How we determined it	1% of Total assets.
Rationale for benchmark applied	As the SPE is established as a not for profit entity, funded almost entirely by debt, it would follow that users focus their attention on the SPE's total assets.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €27,542 (2017: €79,936) 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 March 2018 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.

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 6, 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 audit committee, we were appointed by the directors on 31 March 2016 to audit the financial statements for the year ended 31 March 2016 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 March 2016 to 31 March 2018.

Jessica Miller

Jessica Miller (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2018

Kingswood Mortgages 2015-1 Plc

Statement of comprehensive income for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 €	Year ended 31 March 2017 €
Interest receivable and similar income	2	4,589,134	9,779,463
Interest payable and similar expenses	3	(4,837,929)	(9,264,083)
Net interest (expense)/ income		(248,795)	515,380
Movements in fair value of derivative financial instruments	4	1,043,094	1,289,833
Other operating expense		(791,819)	(573,346)
Profit before taxation	5	2,480	1,231,867
Tax on profit	7	(285)	(282)
Profit for the financial year	12	2,195	1,231,585
Other comprehensive income		-	-
Total comprehensive income for the financial year		2,195	1,231,585

All amounts relate to continuing activities.

The accompanying notes on pages 16 to 29 are an integral part of these financial statements.

Kingswood Mortgages 2015-1 Plc

Statement of changes in equity for the year ended 31 March 2018

	Called up share capital €	Profit and loss account €	Total shareholders' funds €
Balance as at 1 April 2016	17,653	4,286,109	4,303,762
Profit for the financial year and Total comprehensive income	-	1,231,585	1,231,585
Balance as at 31 March 2017	**17,653**	**5,517,694**	**5,535,347**
Profit for the financial year and Total comprehensive income	-	2,195	2,195
Balance as at 31 March 2018	**17,653**	**5,519,889**	**5,537,542**

The accompanying notes on pages 16 to 29 are an integral part of these financial statements.

Statement of financial position as at 31 March 2018

	Notes	31 March 2018 €	31 March 2017 €
Fixed assets			
Deemed Loan	8	16,699,214	70,682,980
Current assets			
Debtors	9	20,899,753	60,541,802
Cash at bank and in hand		17,485,076	22,695,297
		38,384,829	83,237,099
Creditors: amounts falling due within one year	10	(19,729,782)	(58,597,698)
Net current assets		18,655,047	24,639,401
Total assets less current liabilities		35,354,261	95,322,381
Creditors: amounts falling due after more than one year	10	(29,816,719)	(89,787,034)
Net assets		5,537,542	5,535,347
Capital and reserves			
Called up share capital	11	17,653	17,653
Profit and loss account	12	5,519,889	5,517,694
Total shareholders' funds		5,537,542	5,535,347

The accompanying notes on pages 16 to 29 are an integral part of these financial statements.

The financial statements on pages 12 to 29 were approved and authorised for issue by the Board on 26 September 2018, and were signed on its behalf by;

Susan Abrahams
per pro **Intertrust Directors 1 Limited**
as Director

Kingswood Mortgages 2015-1 Plc

Statement of cash flows for the year ended 31 March 2018

	Notes	Year ended 31 March 2018 €	Year ended 31 March 2017 €
Cash flows from operating activities			
Net cash inflow/ (outflow) from operating activities	14	510,900	(545,939)
Taxation paid		(301)	(178)
		510,599	(546,117)
Cash flows from investing activities			
Receipt from the redemption of Loan	8	92,334,008	37,380,542
Interest received on Loan		4,589,134	9,779,463
		96,923,142	47,160,005
Cash flow before financing activities		97,433,741	46,613,888
Cash flows from financing activities			
Redemption of Notes		(97,725,738)	(27,540,437)
Interest paid on Notes		(1,597,461)	(2,030,115)
Payment to Residual Certificates holders		(2,360,127)	(5,951,338)
Net interest paid on derivative financial instruments		(960,636)	(1,344,816)
		(102,643,962)	(36,866,706)
(Decrease) / increase in cash at bank and in hand		(5,210,221)	9,747,182
Cash at bank and in hand at the beginning of the year		22,695,297	12,948,115
Cash at bank and in hand at the end of the year		17,485,076	22,695,297

The accompanying notes on pages 16 to 29 are an integral part of these financial statements.

1 Accounting policies

General information

The Kingswood Mortgages 2015-1 Plc (the "Company"), a public company with limited liability by shares, was incorporated as a special purpose company on 14 April 2015 in the United Kingdom and registered in England and Wales under the Companies Act 2006.

Statement of compliance

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 and is in compliance with Financial Reporting Standard 102. The accounting policies which have been applied consistently throughout the period to the Company's financial statements are set out below. The directors have adjusted the format of the statement of comprehensive income and statement of financial position as allowed under Companies Act 2006. 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.

Basis of preparation - Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Mortgage Loans. The Notes are a limited recourse obligation of the Company, secured over the Mortgage Loans, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Mortgage Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. The reserve fund is available to make interest payments to the noteholders if interest arrears would otherwise occur.

Despite the current uncertainty in the economic environment, after making enquiries regarding the quality of assets and liquidity facilities in place and the limited recourse nature of the Company's borrowings, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Segmental analysis

The Company's operations are carried out in Germany and the results and net assets are derived from its acquisition of the Mortgage Loans and therefore the directors only report one business and one geographic segment.

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.

1 Accounting policies *(continued)*

Loan and Notes

The Loan and Notes are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market.

On an asset transfer, if the transferor retains substantially all the risks and rewards associated with the asset, the transaction does not qualify for de-recognition under IAS39 and therefore is accounted for as a financing transaction. In relation to the Mortgage Loans acquired by the Company, de-recognition was considered to be inappropriate for the Seller's own financial statements, as the Seller had retained significant risks (in the form of credit enhancement paid in) and rewards (in the form of deferred purchase consideration to be paid out on the Residual Certificates) of that financial asset. Accordingly, the Company's financial statements have been prepared on the basis that the Company's acquisitions of beneficial interests in the Mortgage Loans from the Seller represented, in substance, a collateralised loan to the Seller, where recourse is limited to the cash flows from the Mortgage Loans and any additional credit enhancement provided by the Originator. Accordingly, this loan is classified as "loans and receivables".

The Loan represents the amount corresponding to the consideration paid by the Company for the pool of Mortgage Loans, less the Sub Notes and Residual Certificates purchased by the Seller, adjusted for subsequent principal receipts from the underlying Mortgage Loans which have been retained by the Company and which represent repayments of the Loan.

The Loan is measured at initial recognition at fair value, and is 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 recoverable amounts of the Loan, 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 Loan that exceeds the amortised cost had no impairment been recognised.

The Notes are classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liability. Subsequent to initial recognition, the Notes are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of comprehensive income over the period of the borrowings on an effective interest rate basis. In the event that impairment losses on the Loan exceed the credit enhancement provided by the Seller, it is possible that the losses may be borne by the Note holders.

Subordinated Notes

The Sub Notes do not meet the definition of a liability as they will be repaid by the Company only if it first receives an equivalent amount from the Loan. It is therefore included in the financial statements within the Loan to the Seller.

1 Accounting policies *(continued)*

Impairment

The Company assesses at each statement of financial position 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. These indicators primarily relate to arrears in scheduled payments past due by more than 30 days.

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 period 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.

Delinquencies and defaults on the Mortgage Loans will not result in an impairment loss on the Loan if the cash flows from the Mortgage Loans are still expected to be sufficient to meet obligations under the Loan. Losses incurred on the Mortgage Loans will not trigger an impairment of the Loan as long as they do not exceed the credit enhancement granted by the Seller (Sub Notes and deferred purchase consideration).

Cash at bank and in hand

Cash at bank and in hand comprises cash balances. The Company holds deposits with the provider of a guaranteed investment contract ("GIC") and a transaction bank account. These accounts are held in the Company's name and meet the definition of cash, but their use is restricted by a detailed priority of payments as set out in the Transaction Documentation. As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

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. Interest is not recognised on impaired loans. In calculating the effective interest rate the Company estimates the cash flows considering all contracted terms but not future credit losses. Discounts or premiums on issues on the Notes are amortised over the expected life of the Notes as part of the effective interest rate.

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.

1 Accounting policies *(continued)*

Taxation (continued)

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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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 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:

Impairment losses on the Loan

The level of potential credit losses on the Loan is uncertain and could depend on a number of micro and macro-economic factors that may affect repayment conditions and the value of the underlying collateral. The Company assesses impairment provisions based on historical and incurred loss experience and will calculate and recognise impairment when there is objective evidence of an impairment event having occurred, for example a missed repayment, in line with the stated accounting policy on Impairment.

Fair value of financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined by using valuation techniques including counterparty valuations or discounted cash flows models. The inputs to such models are taken from observable markets where possible but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2 Interest receivable and similar income

	Year ended 31 March 2018 €	Year ended 31 March 2017 €
Interest receivable on the Loan	4,589,134	9,779,463

3 Interest payable and similar expenses

	Year ended 31 March 2018 €	Year ended 31 March 2017 €
Interest payable on the Notes	1,492,952	1,943,098
Net interest paid on derivative financial instruments	960,636	1,344,816
Payment to Residual Certificates holder	2,360,127	5,951,338
Amortisation of Notes Discount	24,214	24,831
	4,837,929	9,264,083

4 Movements in the fair value of derivative financial instruments

	Year ended 31 March 2018 €	Year ended 31 March 2017 €
Opening balance	1,643,939	2,933,772
Changes in fair value in the year recognised in profit and loss account	(1,043,094)	(1,289,833)
Closing Balance	600,845	1,643,939

5 Profit before taxation

This has been arrived at after charging:	Year ended 31 March 2018 €	Year ended 31 March 2017 €
Auditors' remuneration – audit services	57,248	52,196

Non audit fees of £nil was paid to the Company's auditors during the year (2017: £nil)

6 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 €31,444 (2017: €46,985) were paid and accrued to Intertrust Management Limited in respect of corporate services provided to the Company; this included the provision of the Directors to the Company.

7 Tax on profit

a) Analysis of the Company tax charge in the year	**Year ended 31 March 2018 €**	**Year ended 31 March 2017 €**
UK corporation tax on the profit for the year at current tax charge at 19.0% (2017: 20.0%)	304	320
Adjustment in respect of prior year	(19)	(38)
	285	282

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

The tax assessed for the year is the same (2017: lower) as the standard rate of corporation tax in the UK. A reconciliation of factors affecting the Company current tax charge is presented below:

	Year ended 31 March 2018 €	**Year ended 31 March 2017 €**
Profit on ordinary activities before taxation	2,480	1,231,867
Current tax charge at 19.0% (2017: 20.0%)	471	246,373
Accounting profit not taxed in accordance with SI 2006/3296	(471)	(246,373)
Cash retained profit taxed in accordance with SI 2006/3296	285	282
Total tax charge	285	282

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 as specified in the documentation governing the Transaction. In accordance with the prospectus the Company is expected to retain €400 on each interest payment date (the "IPDs").

8 Deemed Loan

The Deemed Loan is secured by first charges over residential properties in the United Kingdom.

	31 March 2018 €	31 March 2017 €
Book value		
Net deemed loan to the Seller	128,104,595	165,485,137
Redemption during the year	(92,334,008)	(37,380,542)
	35,770,587	128,104,595

The maturity profile of the Loan at 31 March 2018 was as follows:

	31 March 2018 €	31 March 2017 €
Loan due in one year or less (note 9)	19,071,373	57,421,615
Loan due in more than one year	16,699,214	70,682,980
	35,770,587	128,104,595

9 Debtors

	31 March 2018 €	31 March 2017 €
Loan due within one year (note 8)	19,071,373	57,421,615
Other debtors	1,828,380	3,120,187
	20,899,753	60,541,802

10 Creditors

	31 March 2018 €	31 March 2017 €
Amounts falling due within one year:		
Derivative financial instruments	219,642	643,703
Notes	19,071,373	57,421,615
Corporation Tax	304	320
Other creditors	80,431	-
Accruals and deferred income	358,032	532,060
	19,729,782	58,597,698

10 Creditors *(continued)*

	31 March 2018 €	31 March 2017 €
Amounts falling due after more than one year:		
Derivative financial instruments	381,203	1,000,236
Notes	29,435,516	88,786,798
	29,816,719	89,787,034

The contractual final maturity date for the Notes is October 2052. Notes are based on Three-Month Euro Interbank Offered Rate (the "EURIBOR") and are secured over the Loan (see note 13).

Notes	Initial principal amount €	Initial discount €	Repayment €	Unwind of discount €	31 March 2018 book value €	Issue price
Class A	100,447,919	-	(97,725,738)	-	2,722,181	1.0000
Class B	19,220,000	-	-	-	19,220,000	1.0000
Class C	7,390,000	(158,835)	-	8,751	7,239,916	0.9764
Class D	5,360,000	(280,671)	-	15,463	5,094,792	0.9425
Class E	6,100,000	-	-	-	6,100,000	1.0000
Class F	8,130,000	-	-	-	8,130,000	1.0000
	146,647,919	(439,506)	(97,725,738)	24,214	48,506,889	
Sub Notes	1,770,000	-	-	-	1,770,000	1.0000

Notes	Initial principal amount €	Initial discount €	Repayment €	Unwind of discount €	31 March 2017 book value €	Issue price
Class A	127,988,356	-	(27,540,437)	-	100,447,919	1.0000
Class B	19,220,000	-	-	-	19,220,000	1.0000
Class C	7,390,000	(167,809)	-	8,974	7,231,165	0.9764
Class D	5,360,000	(296,528)	-	15,857	5,079,329	0.9425
Class E	6,100,000	-	-	-	6,100,000	1.0000
Class F	8,130,000	-	-	-	8,130,000	1.0000
	174,188,356	(464,337)	(27,540,437)	24,831	146,208,413	
Sub Notes	1,770,000	-	-	-	1,770,000	1.0000

Sub Notes are incorporated into the Loan.

11 Called up share capital

	31 March 2018 €	31 March 2017 €
Issued, called up and allotted		
Ordinary shares of £1 each: 49,999 (2017: 49,999) each 25 pence called up and paid	17,652	17,652
Ordinary shares of £1 each: 1 (2017: 1) fully paid	1	1
	17,653	17,653

Share capital is issued in Sterling and has been converted at the prevailing rate €1.41219 on the date of issuance. 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 this minimum requirement.

12 Profit and loss account

	31 March 2018 €	31 March 2017 €
Opening balance	5,517,694	4,286,109
Profit for the financial year	2,195	1,231,585
Closing balance	5,519,889	5,517,694

13 Financial instruments

The Company's exposure to risks on its financial instruments and the management of such risks are largely determined from the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented. Following initial set-up, the directors monitor the Company's performance, reviewing reports on the performance of the Mortgage Loans. Such review is designed to ensure that the terms of the documentation have been met, that no unforeseen risks have arisen and that the noteholders have been paid on a timely basis.

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. The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

	Carrying Value 31 March 2018 €	Maximum exposure 31 March 2018 €	Carrying Value 31 March 2017 €	Maximum exposure 31 March 2017 €
Loan	35,770,587	35,770,587	128,104,595	128,104,595
Cash at bank and in hand	17,485,076	17,485,076	22,695,297	22,695,297
Other debtors	1,828,380	1,828,380	3,120,187	3,120,187
	55,084,043	55,084,043	153,920,079	153,920,079

13 Financial instruments *(continued)*

Credit risk *(continued)*

The table below sets out the carrying value and performance of the Mortgage Loans;

Mortgage Loans	**Carrying value 31 March 2018 £**	**Carrying value 31 March 2017 £**
Current Loans	47,142,599	136,022,447
Past due but not impaired	3,129,946	6,584,105
Past due and impaired	-	-
	50,272,545	142,606,552

The Mortgage Loans are secured by first charges over residential properties in Germany. The fair value of collateral as at 31 March 2018 was €62,322,771 (2017: €165,533,257) as per April 2018 investor report. The credit risk is mitigated by credit enhancements such as the Residual Certificate and subordinated notes retained by the Seller as a result of which the book value of the deemed loan is lower than the contractual receivable amount.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. Interest on the floating rate liabilities is determined and payable monthly in arrears at the following rates above three-month EURIBOR:

	31 March 2018 €	**31 March 2017 €**	**Interest rate**
Class A	2,722,181	100,447,919	EURIBOR + 0.90%
Class B	19,220,000	19,220,000	EURIBOR + 2.00%
Class C	7,239,916	7,231,165	EURIBOR + 2.50%
Class D	5,094,792	5,079,329	EURIBOR + 2.75%
Class E	6,100,000	6,100,000	EURIBOR + 3.00%
Class F	8,130,000	8,130,000	EURIBOR + 4.50%
	48,506,889	146,208,413	
Sub Notes (incorporated into the Loan)	1,770,000	1,770,000	EURIBOR + 4.50%

The Notes are limited recourse obligations dependent on receipt of principal and interest from the borrower on each interest payment date (the "IPD"). The Class A Notes will rank themselves ahead of the Class B Notes, Class B Notes will rank themselves ahead of the Class C, Class C will rank themselves ahead of Class D, Class D will rank themselves ahead of Class E and Class E will rank themselves ahead of the Class F at all times.

At the year end, if the EURIBOR for three-month deposits at that date had been 25 basis points higher, with all other variable held constant, the net effect on the Company's net margin would be an increase of €38,434 (2017: €139,196), and if it were 25 basis points lower the net effect on the Company's net margin would be a decrease of €38,434 (2017: €139,196).

13 Financial instruments *(continued)*

Interest rate risk *(continued)*

At the year end the Company was party to an interest rate swap in order to hedge against interest rate risk arising from the resetting of interest rates of assets and liabilities at different times.

Currency profile

All of the Company's financial assets and liabilities are denominated in Euro.

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.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes it is obliged to draw on the cash reserve fund, funded in an amount of €1,770,000 by issuance of Sub Notes. The cash reserve fund is available to make payments to the noteholders should there be insufficient available revenue funds. The cash reserve fund as at 31 March 2018 was €6,359,040 (2017: €6,359,040). The table below reflects the undiscounted contractual cash flows of financial liabilities at the statement of financial position date of financial instruments.

As at 31 March 2018	Carrying value	Gross cash flow	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 year	After 5 years
	€	€	€	€	€	€	€
Non-derivative financial instruments:							
Notes	48,506,889	48,922,181	12,023,324	-	7,048,049	7,312,880	22,537,928
Interest payable on Notes	308,398	11,310,069	278,068	-	638,826	3,431,863	6,961,312
Total Non-derivative financial instruments	**48,815,287**	**60,232,250**	**12,301,392**	**-**	**7,686,875**	**10,744,743**	**29,499,240**
Derivative financial instruments:							
Interest rate Swap	600,845	600,845	147,666	-	86,562	89,814	276,803
Total Derivative financial instruments	**600,845**	**600,845**	**147,666**	**-**	**86,562**	**89,814**	**276,803**
Total as at 31 March 2018	**49,416,132**	**60,833,095**	**12,449,058**	**-**	**7,773,437**	**10,834,557**	**29,776,043**

13 Financial instruments *(continued)*

Liquidity risk *(continued)*

As at 31 March 2017	Carrying value	Gross cash flow	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 year	After 5 years
	€	€	€	€	€	€	€
Non-derivative financial instruments:							
Notes	146,208,413	146,647,919	16,981,962	-	40,439,653	51,039,977	38,186,327
Interest payable on Notes	295,475	13,954,079	422,108	-	1,195,649	6,847,987	5,488,335
Total Non-derivative financial instruments	**146,503,888**	**160,601,998**	**17,404,070**	**-**	**41,635,302**	**57,887,964**	**43,674,662**
Derivative financial instruments:							
Interest rate Swap	1,643,939	1,643,939	190,370	-	453,333	572,164	428,072
Total Derivative financial instruments	**1,643,939**	**1,643,939**	**190,370**	**-**	**453,333**	**572,164**	**428,072**
Total as at 31 March 2017	**148,147,827**	**162,245,937**	**17,594,440**	**-**	**42,088,635**	**58,460,128**	**44,102,734**

Notes are expected to be redeemed in full by July 2020 (the Optional Redemption Date), however the contractual maturity date of the Notes is October 2052. The Notes have no contractual amortisation profile; principal repayments on the Loan are used to redeem the Notes. However, the Notes that are expected to be repaid in less than one year have been presented as current liabilities in the statement of financial position.

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 statement of financial position at fair value requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Price of a recent transaction for an identical asset or liability as long as there has not been a significant change in economic circumstances or time lapse since the transaction date.

Level 3 Prices estimated using a valuation technique.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The only financial instruments included in the Company's statement of financial position that are measured at fair value are the derivative contracts. As the fair value of such derivatives is calculated by discounting future cash flows using appropriate data, these fall within level 3 of the hierarchy as not all the appropriate data is observable.

At the year end the Company has an interest rate swap contract with fair value of €600,845 (2017: €1,643,939) to hedge the interest rate risk.

14 Reconciliation of profit for the financial year to net outflow from operating activities

	Year ended 31 March 2018 €	Year ended 31 March 2017 €
Profit for the financial year	2,195	1,231,585
Tax on profit	285	282
Interest receivable on Loan	(4,589,134)	(9,779,463)
Interest payable on Notes	1,492,952	1,943,098
Payment to Residual Certificate holders	2,360,127	5,951,338
Amortisation of Notes premium and discount	24,214	24,831
Interest payable on derivative financial instruments	960,636	1,344,816
Fair value movement on derivative financial instruments	(1,043,094)	(1,289,833)
Decrease / (increase) in other debtors	1,291,807	(8,813)
Increase in creditors	10,912	36,220
Net cash inflow / (outflow) from operating activities	510,900	(545,939)

15 Ultimate parent undertaking

The Company's immediate parent company is Kingswood Mortgages 2015-1 Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire issued share capital of Kingswood Mortgages 2015-1 Holdings Limited is held by Intertrust Corporate Services Limited, a company incorporated in the United Kingdom and registered in England and Wales. Intertrust Corporate Services Limited holds the entire issued share capital in trust under a share trust deed. Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management.

The ultimate controlling party of the Company is Macquarie Group Limited. The largest and the smallest group to consolidate these financial statements, is Macquarie Group Limited, a company incorporated in Australia. Copies of the consolidated financial statements for Macquarie Group Limited and Macquarie Bank Limited can be obtained from the Company Secretary, Level 7, No.1 Martin Place, Sydney, New South Wales, 2000, Australia.

16 Related party transactions

During the year fees of €48,606 (2017: €29,823) were paid to Intertrust Management Limited for the provision of corporate administration services fees provided to the Company. At the year end corporate services fees of €nil (2017: €17,162) were accrued.

During the year €75,257 (2017: €76,411) of interest were paid to Macquarie Bank Limited on the Sub Notes. At the year end €12,513 (2017: €12,923) of interest were accrued. The Sub Notes balance at the year end is €1,770,000 (2017: €1,770,000).

During the year €960,636 (2017: €1,344,816) of net interest were paid to Macquarie Bank Limited on the interest rate swap. At the year end €nil (2017: €nil) of interest were accrued. The fair value of the interest rate swap at the year end is €600,845 (2017: €1,643,939).

16 Related party transactions *(continued)*

During the year €4,589,134 (2017: €9,779,463) of interest were received from Macquarie Bank Limited on the Loan. At the year end €nil (2017: €nil) of interest were accrued. The net outstanding Loan balance receivable from Macquarie Bank Limited at the year end is €35,770,587 (2017: €128,104,595).

During the year €566,008 (2017: €334,259) were paid to L2 B.V., subsidiary of Macquarie Bank Limited, as master servicer fee and €64,532 (2017: €126,402) of master servicer fee were accrued at the year end.