



## **AIB CORPORATE LEASING LIMITED**

### **DIRECTORS' REPORT AND ANNUAL FINANCIAL STATEMENTS For the financial year ended 31 December 2018**

Registered in England and Wales: 01483027



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**DIRECTORS AND OTHER INFORMATION**

<b>DIRECTORS</b>	John McMullen John Silcox
<b>REGISTERED OFFICE</b>	AIB St. Helen's 1 Undershaft London EC3A 8AB United Kingdom
<b>REGISTERED NUMBER</b>	01483027
<b>SECRETARY</b>	Brian Kearns
<b>REGISTERED AUDITOR</b>	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
<b>BANKERS</b>	Allied Irish Banks, p.l.c. Bankcentre Ballsbridge Dublin 4 Ireland

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## **DIRECTORS' REPORT**

The Directors present herewith their annual report and audited financial statements for AIB Corporate Leasing Limited ('the Company') for the year ended 31 December 2018. A Directors' Responsibility Statement in relation to the financial statements appears on page 6.

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006, and as noted in this Director's Report, to include certain matters, such as a review of future developments; subsequent events after the balance sheet date; and principal risks and uncertainties in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. The Strategic Report can be found on page 5.

### **GOING CONCERN**

The financial statements for the year ended 31 December 2018 have been prepared on a going concern basis as the Directors are satisfied, having considered the risks and uncertainties impacting the Company, that it has the ability to continue in business for the period of assessment. The period of assessment used by the Directors is twelve months from the date of approval of these annual financial statements. The Company is dependent on Allied Irish Banks p.l.c. ('AIB') for continued funding and is therefore dependent on the going concern of AIB.

In making its assessment, the Directors have considered a wide range of information relating to present and future conditions of the Company including continuing availability of sufficient resources from AIB.

AIB's financial statements for the year ended 31 December 2018 were prepared on a going concern basis.

### **Conclusion**

The Directors of AIB believe that it is appropriate to prepare the financial statements on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on AIB's ability to continue as a going concern over the period of assessment.

On the basis of the continued availability of funding from AIB, the Directors of the Company consider that it is appropriate to prepare these financial statements on a going concern basis.

### **ACCOUNTING RECORDS**

The Directors believe that they have complied with the requirements of Section 386 of the Companies Act, 2006 with regard to accounting records by allocating personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at AIB, Bankcentre, Ballsbridge, Dublin 4, Ireland.

### **DIRECTORS AND SECRETARY DURING THE YEAR**

The following were Directors of the Company during the financial year ended 31 December 2018:

John McMullen  
John Silcox

The Secretary of the Company at during the financial year ended 31 December 2018 was Iain Hamilton.

Iain Hamilton resigned as secretary of the Company on 28 June 2019 and Brian Kearns was appointed on the same date.

None of the Directors nor Secretary who held office at the end of the year had any disclosable interests, as defined in the UK Companies Act 2006, in the shares of the Company or any other Group undertakings.

No contracts of significance in which a director had a material interest existed at the end of the year or at anytime during the year.

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**DIRECTORS' REPORT (continued)****DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the Persons who is a Director at the date of approval of this Report confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

(b) the Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**INDEPENDENT AUDITOR**

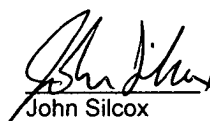
Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, has expressed their willingness to continue in office under Section 487 of the UK Companies Act, 2006.

Approved by the Board of Directors and signed on its behalf by:



John McMullen  
Director

Date: 13 September 2019



John Silcox  
Director

Date: 13 September 2019

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## STRATEGIC REPORT

### PRINCIPAL ACTIVITIES

The Company was engaged in the business of property leasing. In July 2010, the leasing business was sold and the Company activity is now to act as a holding company. The Company did not trade during the year. The Directors expect the Company to remain dormant for the foreseeable future.

The Company is a wholly owned subsidiary of Allied Irish Banks, p.l.c. ('AIB') and receives ongoing resources which enable the Company to meet its obligations as they fall due. The ultimate parent company of the Company and AIB is AIB Group plc.

### BUSINESS REVIEW

The results for the year are set out in the attached financial statements. The Company did not declare nor pay any dividend for the financial year ended 31 December 2018 or in the previous financial year.

The Company's statement of financial position shows negative net equity at 31 December 2018 of £364k (2017: negative net equity £367k).

### STRATEGY AND OUTLOOK

The Directors expect the Company to remain dormant for the foreseeable future.

### PRINCIPAL RISKS AND UNCERTAINTIES

Information concerning the principal risks and uncertainties facing the Company as required under the terms of the European Accounts Modernisation Directive (2003/51/EEC) is set out in Note 11 to the Financial Statements.

### CAPITAL MANAGEMENT

The Company is dependent on AIB for its capital and funding.

### POLITICAL AND CHARITABLE DONATIONS

The Company made no political or charitable contributions during the year (2017: nil).


### NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There have been no significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.

Approved by the Board of Directors and signed on its behalf by:

  
John McMullen  
Director

Date: 13 September 2019

  
John Silcox  
Director

Date: 13 September 2019

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## DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the Directors to prepare financial statements for each year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:


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

The 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.

On behalf of the Board,

  
John McMullen  
Director

Date: 13 September 2019

  
John Silcox  
Director

Date: 13 September 2019

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIB CORPORATE LEASING LIMITED

### Report on the audit of the financial statements

#### Opinion on the financial statements of AIB Corporate Leasing Limited (the 'company')

In our opinion the financial statements of AIB Corporate Leasing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flows;
- the statement of changes in shareholders' equity; and,
- the related notes 1 to 18.

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

#### Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Accounting and Auditing Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are required by ISAs (Ireland) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### Responsibilities of directors

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIB CORPORATE LEASING LIMITED

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



John McCarroll  
Partner  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 26<sup>th</sup> September 2019

## INCOME STATEMENT

for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Other operating (expense)		-	-
<b>Total Operating (Expense)</b>		-	-
<b>Profit/(loss) before taxation</b>		-	-
Taxation	4	3	(2)
<b>Profit/(loss) for the year</b>		3	(2)

The operating profit arises from continuing operations.

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	2018 £'000	2017 £'000
<b>Profit/(loss) for the year</b>	3	(2)
Other comprehensive income for the year	-	-
<b>Total comprehensive profit/(loss) for the year</b>	3	(2)

See accompanying notes which form an integral part of the financial statements.

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Current Assets</b>			
Investment in subsidiary undertakings	6	-	-
Amounts due from group undertaking	7	13	2,060
Tax receivable	8	3	5
<b>Total Assets</b>		<b>16</b>	<b>2,065</b>
<b>Liabilities</b>			
Amounts due to group undertaking	9	380	2,432
<b>Total Liabilities</b>		<b>380</b>	<b>2,432</b>
<b>Shareholders' equity</b>			
Called up share capital presented as equity	10	-	-
Revenue reserves		(364)	(367)
<b>Total shareholders' equity</b>		<b>(364)</b>	<b>(367)</b>
<b>Total Liabilities and shareholders' equity</b>		<b>16</b>	<b>2,065</b>

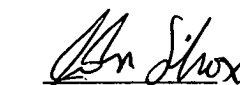
See accompanying notes which form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 August 2019.

They are signed on its behalf by:

  
John McMullen  
Director

Date: 13 September 2019

  
John Silcox  
Director

Date: 13 September 2019

Company registration number: 01483027

## STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	2018 £'000	2017 £'000
<b>Cash inflow from operating activities</b>		
Loss for the financial year before taxation		-
Decrease in VAT receivable		-
Decrease in amounts due to group undertakings	(2,047)	
Decrease in amounts due from group undertakings	2,052	8
<b>Net cash flows from operating activities before taxation</b>		
Taxation - group relief received	(5)	(8)
<b>Net cash flows from operating activities</b>		
<b>Net cash flows from investing activities</b>	-	-
<b>Net cash flows from financing activities</b>	-	-
<b>Change in cash and cash equivalents</b>	-	-
Opening cash and cash equivalents	-	-
<b>Closing cash and cash equivalents</b>	-	-

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2018

	Ordinary Share Capital	Revenue Reserves	Total Shareholders' Equity
	£'000	£'000	£'000
At 1 January 2018	-	(367)	(367)
Total comprehensive profit for the year	-	3	3
At 31 December 2018	-	(364)	(364)
At 1 January 2017	-	(365)	(365)
Total comprehensive loss for the year	-	(2)	(2)
At 31 December 2017	-	(367)	(367)

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

AIB Corporate Leasing Limited is a private company domiciled in the United Kingdom and its registered office is AIB, St. Helen's, 1 Undershaft, London, EC3A 8AB, United Kingdom. The Company's registered number is 01483027.

### 2. ACCOUNTING POLICIES

The accounting policies that the Company applied in the preparation of the financial statements for the year ended 31 December 2018 are set out below.

#### 2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively 'IFRSs') as issued by the International Accounting ('IASB') and International Financial Reporting Standards as adopted by the European Union ('EU') and applicable for the financial year ended 31 December 2018. The financial statements also comply with the Companies Act, 2006.

Consolidated financial statements have not been prepared by the Company for the financial year ended 31 December 2018 as it is itself a wholly owned subsidiary of AIB and it meets all the conditions set out under IFRS 10 to avail of this exemption.

The accounting policies have been consistently applied by the Company and are consistent with the previous year, apart from policies adopted as a result of the implementation of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers which are outlined below.

#### 2.2 BASIS OF PREPARATION

##### *(a) Going Concern*

The financial statements for the financial year ended 31 December 2018 have been prepared on a going concern basis as the Directors are satisfied, having considered the risks and uncertainties impacting the Company, that it has the ability to continue in business for the period of assessment. The period of assessment used by the Directors is twelve months from the date of approval of these annual financial statements. The Company is dependent on AIB for continued funding and is therefore dependent on the going concern of AIB.

In making its assessment, the Directors have considered a wide range of information relating to present and future conditions of the Company including continuing availability of sufficient resources from AIB.

AIB's financial statements for the financial year ended 31 December 2018 were prepared on a going concern basis.

##### **Conclusion**

The Directors of AIB believe that it is appropriate to prepare the financial statements on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern over the period of assessment.

On that basis the Directors of the Company consider that it is appropriate to prepare these financial statements on a going concern basis.

##### *(b) Accounting Convention*

The financial statements are presented in Sterling which is the functional currency of the Company and have been prepared under the historical cost basis.

##### *(c) Critical Accounting Judgements and estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates.

##### *(d) Adoption of new accounting standards*

On 1 January 2018, the Company implemented the requirements of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers for the first time.

Comparative data for 2017 has been prepared under IAS 39 Financial Instruments: Recognition and Measurement under IAS 18 Revenue. There was no financial impact on the Company on the adoption of IFRS 15.

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. ACCOUNTING POLICIES (continued)

#### IFRS 9 Financial Instruments

The effective date for IFRS 9 Financial Instruments was 1 January 2018 and was adopted by the Company on that date. The Company is not restating prior periods as allowed in IFRS 9, paragraph 7.2.15. However, as required by this paragraph, if prior periods are not restated, any difference arising between IAS 39 carrying amounts and IFRS 9 carrying amounts at 1 January 2018 are recognised in opening retained earnings (or in other comprehensive income, as applicable).

The Company applied IFRS 9 as issued in July 2014 at 1 January 2018 and adopted the amendments to IFRS 9 on the same date.

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a revised classification and measurement model for financial assets, a forward looking expected credit loss ('ECL') impairment methodology and modifies the approach to hedge accounting.

The business model assessment test required by IFRS 9 was performed as at the date of initial application. The Company assessed whether the financial assets met the conditions for recognising a change in the classification/measurement basis at that date. This classification applies retrospectively.

Impairment losses were measured at the date of initial application under the 'expected credit loss model' set out in IFRS 9.

There was no significant impact on the Company on the transition to IFRS 9, as the financial asset is an intercompany balance, and the Directors would expect to fully recover the amounts owed from the group entity.

#### IFRS 9 accounting policies

The relevant accounting policies for the Company under IFRS 9 are:

- Financial assets (note 2.4);
- Recognition and initial measurement (note 2.4);
- Classification and subsequent measurement (note 2.4);
- Derecognition (note 2.8); and
- Impairment of financial assets (note 2.9)

### 2.3 INCOME TAX, INCLUDING DEFERRED INCOME TAX

Income tax comprises current tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income. Income tax relating to items in equity is recognised directly in equity. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 FINANCIAL ASSETS

##### Recognition and initial measurement

The Company initially recognises financial assets, excluding loan assets, on the trade date, being the date on which the Company commits to purchase the assets. Loan assets are recognised when cash is advanced to borrowers.

##### Classification and subsequent measurement

On initial recognition, a financial asset is classified and subsequently measured at amortised cost, FVOCI or FVTPL. The classification and subsequent measurement of financial assets depend on:

- the Company's business model for managing the asset; and
- The cash flow characteristics of the asset (for assets in a 'hold-to-collect' or 'hold-to-collect-and-sell' business model).

Based on these factors, the Company classifies its financial assets into the following category:

##### Amortised cost

Assets that have not been designated as at FVTPL, and are held within a 'hold-to-collect' business model whose objective is to hold assets to collect contractual cash flows, and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. The carrying amount of these assets is calculated using the effective interest method and is adjusted on each measurement date by the expected credit loss allowance for each asset, with movements recognised in profit or loss.

##### Business model assessment

The Company makes an assessment of the objective of the business model at a portfolio level, as this reflects how portfolios of assets are managed to achieve a particular objective, rather than management's intentions for individual assets.

The assessment considers the following:

- The strategy for the portfolio as communicated by management;
- How the performance of the portfolio is evaluated and reported to senior management;
- The risks that impact the performance of the business model, and how those risks are managed;
- How managers of the business are compensated (i.e. based on fair value of assets managed or on the contractual cash flows collected); and
- The frequency, value and timing of sales in prior periods, reasons for those sales, and expectations of future sales activity.

##### Characteristics of the contractual cash flows

An assessment ('SPPI test') is performed on all financial assets at origination that are held within a 'hold-to-collect' or 'hold-to-collect and sell' business model to determine whether the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

IFRS 9 does not have a significant impact on the Company, as the financial asset is an intercompany balance and repayable on demand.

#### 2.5 FINANCIAL LIABILITIES

The Company categorises financial liabilities as at amortised cost or as at fair value through profit or loss. The Company recognises a financial liability when it becomes party to the contractual provisions of the contract.

Financial instruments and their components are classified as liabilities where the substance of the contractual agreement results in the Company having a present obligation to either deliver cash or another financial asset to the holder or to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares.

Financial liabilities are initially recognised at fair value, being the issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost, any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement using the effective interest rate method. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Any gain or loss on the extinguishment or remeasurement of a financial liability is recognised in profit and loss.

#### 2.6 DUE FROM GROUP UNDERTAKING

Amounts due from Group undertakings are classified as financial assets and are recognised and measured accordingly. They are non – derivative financial assets with fixed or determinable payments that are not quoted in an active market.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. ACCOUNTING POLICIES (continued)

#### 2.7 DUE TO GROUP UNDERTAKING

Amounts due to Group undertakings are classified as financial liabilities and are recognised and measured accordingly.

#### 2.8 DERECOGNITION

##### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Relevant costs incurred with the disposal of a financial asset are deducted in computing the gain or loss on disposal.

The write-off of a financial asset constitutes a derecognition event. Where a financial asset is partially written off, and the portion written off comprises specifically identified cash flows, this will constitute a derecognition event for that part written off.

##### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

#### 2.9 IMPAIRMENT OF FINANCIAL ASSETS

The Company recognises loss allowances for expected credit losses ('ECLs') at each balance sheet date for the following financial instruments that are not measured at FVTPL:

- Financial assets at amortised cost;

ECLs are the weighted average of credit losses with the respective risks of a default occurring as the weights. When measuring ECLs, the Company takes into account:

- probability-weighted outcomes;
- the time value of money so that ECLs are discounted to the reporting date; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets at amortised cost were assessed for an Expected Credit Loss. It was determined that the ECL on the intercompany loans at 1 January 2018 and 31 December 2018 was nil, as the Directors expect to fully recover the amounts owed from the Group entity.

#### 2.10 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Company accounts for the investments in subsidiary undertakings that are not classified as held for sale at cost less provisions for impairment. If the investment is classified as held for sale, the Company accounts for it at the lower of its carrying value and fair value less costs to sell.

#### 2.11 SHAREHOLDERS EQUITY

Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Company.

##### *Called up share capital*

Share capital represents funds raised by issuing shares in return for cash or other consideration. Share capital comprises ordinary shares and preference shares of the entity.

##### *Revenue reserves*

Revenue reserves represent retained earnings of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. OTHER OPERATING (EXPENSE)

	2018 £'000	2017 £'000
Other operating (expense)	-	-
	-	-

### 4. TAXATION

	2018 £'000	2017 £'000
Current taxation		
Current tax credit on income for the period	3	3
Prior year adjustment – credit/(charge)	-	(5)
	3	(2)

Reconciliation of total tax credit based on applying the standard rate of tax to the (loss) per the financial statements and the total tax credit reported in the financial statements.

	2018 £'000	2017 £'000
Loss before taxation	-	-
Total tax based on standard rate of tax of 19.25% (2016: 20%)	-	-
Expenses not deductible for tax purposes	-	-
Transfer pricing adjustment	3	3
Prior year adjustment – credit/(charge)	-	(5)
<b>Tax credit /(charge) on profit/(loss) on ordinary activities</b>	<b>3</b>	<b>(2)</b>

The prior year adjustment relates to a transfer pricing adjustment included in the company's 2016 corporation tax submission.

### 5. AUDITOR'S FEES

Auditor's remuneration including: Audit Fees, Other Assurance Services, Tax Advisory Services and Other Non-Audit Services is borne by AIB.

### 6. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

AIB Capital Markets Holdings (U.K.) Limited, an investment holding company incorporated in the United Kingdom, is a subsidiary of the Company. The Company holds 100% of the equity in AIB Capital Markets Holdings (U.K.) Limited.

AIB Asset Management Holdings Limited, an investment holdings company incorporated in the United Kingdom, is a subsidiary of Allied Irish Banks, p.l.c.. The Company holds less than 1% of the equity in AIB Asset Management Holdings Limited.

The value of these investments is £2.

### 7. AMOUNTS DUE FROM GROUP UNDERTAKING

	2018 £'000	2017 £'000
Amounts due from group undertaking	13	2,060
	13	2,060

Amounts due from Parent undertakings are non-interest bearing and repayable on demand. Financial assets at amortised cost were assessed for an Expected Credit Loss. It was determined that the ECL on the intercompany loans at 1 January 2018 and 31 December 2018 was nil, as the Directors expect to fully recover the amounts owed from the Group entity.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. TAX RECEIVABLE

	2018 £'000	2017 £'000
Opening Balance	5	15
Income Statement taxation credit/(charge) – Note 4	3	(2)
Payment for group relief received	(5)	(8)
<b>Current tax receivable</b>	<b>3</b>	<b>5</b>

It is AIB policy that where a company uses tax losses from another AIB company to shelter its tax liability, then it will pay the surrendering company for the use of the losses at the corporation tax rate prevailing. The settlement will be paid either in cash or through the intercompany account. This balance represents amounts recoverable from other AIB group undertakings in relation to tax losses surrendered.

### 9. AMOUNTS DUE TO GROUP UNDERTAKING

	2018 £'000	2017 £'000
Amounts due to group companies	380	2,432
	380	2,432

Amounts due to group undertaking are repayable on demand and bear no interest.

### 10. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	2018 £	2017 £
<b>Authorised: Ordinary shares</b>		
74 Ordinary Shares of £1 each	74	74
<b>Authorised: Preference shares</b>		
26 Preference Shares of £1 each	26	26
<b>Allotted, called up and fully paid</b>		
74 Ordinary Shares of £1 each	74	74
26 Preference Shares of £1 each	26	26

### 11. RISK MANAGEMENT

The financial risk management of the Company is fully integrated with the risk management function of AIB. As a result the policies and procedures used to manage the risk have been incorporated within those of AIB. The Directors consider that the Company's credit risk is minimal, as its exposure is limited to its ultimate holding company, AIB.

The Directors consider that the Company's business is not exposed to any foreign exchange risk, market risk or liquidity risk.

### 12. ULTIMATE PARENT COMPANY

AIB Group plc, a company registered in the Republic of Ireland is the holding company of Allied Irish Banks, p.l.c. and the ultimate parent company of AIB Corporate Leasing Limited

AIB Group plc is the largest group, of which AIB Corporate Leasing Limited is a member, for which consolidated accounts are prepared. The financial statements of AIB and of AIB Group plc are available from its registered address at Bankcentre, Ballsbridge, Dublin 4, Ireland. Alternatively, information can be viewed by accessing AIB Group's website at [www.aibgroup.com](http://www.aibgroup.com).

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****13. CAPITAL RESOURCES**

The Company's capital consists of equity comprising issued share capital and retained earnings. The Company is a member of the AIB group of companies which has regulatory disciplines over the use of its capital. The Company is governed by AIB's policy to maintain a strong capital base. It is not separately regulated.

**14. KEY MANAGEMENT**

The Company is a subsidiary of AIB. The time and costs of executives and other staff who are primarily employed by AIB are not specifically recharged. In the Company, key management comprises of the directors of the Company. The emoluments of the Directors are met by AIB. They do not receive remuneration for services provided by the Company.

**15. EMPLOYEES**

The monthly average number of persons employed by the Company during the year was nil (2017: nil).

**16. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.

**17. RELATED PARTY DISCLOSURES**

The Company has related party relationships with AIB and other AIB entities. Amounts due to parent undertaking were £380k (2017: £2,432k). All related party transactions have been carried out on an arms length basis. The details of transactions and balances with AIB and other AIB entities are disclosed in Notes 6,7,8, and 9.

**18. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 13 September 2019.