

SHIBDEN DALE LIMITED

Annual report and financial statements for the year ended 31 December 2015

Member of Lloyds Banking Group

Registered Number: 02132953



SHIBDEN DALE LIMITED

DIRECTORS

C G Dowsett
P Greig

COMPANY SECRETARY

Lloyds Secretaries Limited

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

BANKERS

Bank of Scotland plc
The Mound
Edinburgh
EH1 1YZ

REGISTERED OFFICE

25 Gresham Street
London
EC2V 7HN

COUNTRY OF INCORPORATION

England and Wales

REGISTERED COMPANY NUMBER

02132953

DIRECTORS' REPORT

The directors present their report and audited financial statements of Shibden Dale Limited ("the company") for the year ended 31 December 2015.

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

REVIEW OF BUSINESS

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

The results of the company show a loss before taxation of £12,936 (2014: £2,016) for the year as set out in the statement of comprehensive income on page 6.

The company has shareholder's equity of £39,685 (2014: £193,126,841).

DIVIDENDS

Dividends of £193,076,840 were paid during the year (2014: £nil).

DIRECTORS

The names of the directors of the company who were in office during the year and up to the date of the signing of financial statements are shown on page 1. The following change in directors has taken place during the year:

	Appointed	Resigned/ceased to be a director
S B Allen	-	22 May 2015

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' INDEMNITIES

Lloyds Banking Group plc has granted to the directors of the company, including former directors who resigned during the year, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Act. The deed was in force during the whole of the financial year and at the date of approval of the financial statements (or from the date of appointment in respect of directors who joined the board of the company during the financial year). Directors no longer in office but who served on the board of the company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of a director's period of office. The deed indemnifies the directors to the maximum extent permitted by law. The deed for existing directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors' and officers' liability insurance cover which was in place throughout the financial year.

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS' APPOINTMENT

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

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are managed within the framework established for the Lloyds Banking Group plc group of companies ("the Group") and are not managed separately. For further details please refer to note 10 'Risk management of financial instruments' in these financial statements.

KEY PERFORMANCE INDICATORS ('KPIs')

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

On behalf of the board



C G Dowsett
Director

Date: 24/03/16

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHIBDEN DALE LIMITED

Report on the Financial Statements

Our opinion

In our opinion, Shibden Dale Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the statement of comprehensive income for the year ended 31 December 2015;
- the balance sheet as at 31 December 2015;
- the statement of changes in shareholder's equity for the year then ended;
- cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHIBDEN DALE LIMITED (CONTINUED)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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



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

Edinburgh

Date:

24/3/16

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Note	2015 £	2014 £
Finance income	2	124	2,965
Finance costs	3	(13,099)	(5,020)
		<u>(12,975)</u>	<u>(2,055)</u>
Foreign exchange gain		39	39
Loss before taxation	4	(12,936)	(2,016)
Taxation credit	5	2,620	434
		<u>(10,316)</u>	<u>(1,582)</u>
Loss after taxation and total comprehensive loss for the year attributable to owners of the parent		<u>(10,316)</u>	<u>(1,582)</u>

The accompanying notes on pages 10 to 15 are an integral part of the Financial Statements.


There is no Other Comprehensive Income for the current or prior year.

SHIBDEN DALE LIMITED

BALANCE SHEET
As at 31 December 2015

	Note	2015 £	2014 £
Assets			
Current assets			
Amounts owed by group companies	7	2,312,496	196,101,620
Total current assets		2,312,496	196,101,620
Total assets		2,312,496	196,101,620
Liabilities			
Current liabilities			
Amounts owed to group companies	8	2,272,811	2,974,779
Total current liabilities		2,272,811	2,974,779
Equity			
Share capital	9	1	131,176,282
Retained earnings		39,684	61,950,559
Total equity		39,685	193,126,841
Total liabilities and equity		2,312,496	196,101,620

The financial statements on pages 6 to 15 were approved by the Board of Directors on 24/03/16 and signed on its behalf by:



C G Dowsett
Director

Registered Number: 02132953

The accompanying notes on pages 10 to 15 are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £	Retained earnings £	Total equity £
Balance at 31 December 2013		131,176,282	61,952,141	193,128,423
Total comprehensive loss for the year				
Loss for the year		-	(1,582)	(1,582)
Balance at 31 December 2014	9	131,176,282	61,950,559	193,126,841
Share capital reduction	9	(131,176,281)	131,176,281	-
Dividends paid during the year	6	-	(193,076,840)	(193,076,840)
Total comprehensive loss for the year				
Loss for the year		-	(10,316)	(10,316)
Balance at 31 December 2015	9	1	39,684	39,685

The accompanying notes on pages 10 to 15 are an integral part of the Financial Statements.

CASH FLOW STATEMENT
For the year ended 31 December 2015

	Note	2015 £	2014 £
Loss before taxation		(12,936)	(2,016)
Less non cash items:			
Foreign exchange movement		(39)	(39)
Operating cash flows before movements in working capital		(12,975)	(2,055)
Decrease/(Increase) in receivables		193,077,530	(690)
Increase in payables		1,950	900
Cash generated by operations		193,066,505	(1,845)
Group relief received/(paid)		434	(2,973,918)
Net cash flow from operating activities		193,066,939	(2,975,763)
Financing activities			
Dividends paid	6	(193,076,840)	-
(Decrease)/Increase in bank borrowings		(703,879)	2,973,918
Net cash flow from financing activities		(193,780,719)	2,973,918
Net decrease in cash and cash equivalents		(713,780)	(1,845)
Cash and cash equivalents at beginning of the year		715,444	717,289
Cash and cash equivalents at end of the year		1,664	715,444
Cash and cash equivalents are comprised of:			
Cash at bank	7	1,664	13,444
Bank deposits	7	-	702,000
		1,664	715,444

The accompanying notes on pages 10 to 15 are an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

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

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

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

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

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

Critical accounting estimates and judgements

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

- Impairment

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

1(a) Impairment

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

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

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

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

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

1(b) Taxation

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

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

1(c) Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)**1(d) Cash and cash equivalents**

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

1(e) Foreign currency translation

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

2 Finance income

	2015 £	2014 £
Interest receivable on deposits with other group companies	124	2,965
	<u>124</u>	<u>2,965</u>

3 Finance costs

	2015 £	2014 £
Interest payable on loans from other group companies	13,097	5,020
Other expenses	2	-
	<u>13,099</u>	<u>5,020</u>

4 Loss before taxation

Audit fees for the company are borne by the ultimate parent company, which makes no recharge to the company.

The company has no employees (2014: nil).

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

5 Taxation credit

	2015 £	2014 £
The taxation credit for the year comprises:		
Current tax receivable on loss for the year	2,620	434
	<u>2,620</u>	<u>434</u>
Total taxation credit for the year	2,620	434

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation credit (continued)

Where taxation on the company's loss for the year differs from the taxation credit that would arise using the standard rate of corporation tax of 20.25% (2014: 21.5%), the differences are explained below:

	2015 £	2014 £
Loss before taxation	(12,936)	(2,016)
Tax at standard rate of corporation tax	2,620	434
Total taxation credit	2,620	434

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

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

6 Dividends

	2015 £	2014 £
Dividends paid during the year	193,076,840	-
	193,076,840	-

On 31 December 2015, the company paid a dividend of £193,076,840 per share (2014: £nil) through the settlement of balances due from immediate parent company.

7 Amounts owed by group companies

	2015 £	2014 £
Cash at bank	1,664	13,444
Bank deposits	-	702,000
Interest receivable	-	690
Amounts due from immediate parent company	2,308,212	195,385,052
Group relief receivable	2,620	434
	2,312,496	196,101,620

For further details please refer to note 11.

8 Amounts owed to group companies

	2015 £	2014 £
Interest payable	2,811	861
Amounts due to group companies	2,270,000	2,973,918
	2,272,811	2,974,779

For further details please refer to note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Share capital

	2015 £	2014 £
Allotted, issued and fully paid		
Ordinary shares of \$1 each	-	131,176,280
Ordinary shares of £1 each	1	2
	<u>1</u>	<u>131,176,282</u>

On 31 December 2015, the directors approved a share capital reduction.

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and, indirectly, to support the Group's regulatory capital requirements.

The company's parent manages the company's capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company's parent may adjust the amount of dividends to be paid to the shareholder, return capital to the shareholder, issue new shares, or enter into debt financing.

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

10 Risk management of financial instruments

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

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

Credit risk management:

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

The maximum credit risk exposure of the company in the event of other parties failing to perform their obligations is detailed below. The maximum exposure to loss is considered to be the balance sheet carrying amount as at 31 December.

	2015 £	2014 £
Financial assets which are neither past due nor impaired for credit risk:		
Amounts owed by group companies	2,312,496	196,101,620
Total credit risk exposure	<u>2,312,496</u>	<u>196,101,620</u>

Credit risk management is performed by various committees established by its ultimate parent, Lloyds Banking Group plc. Each exposure is assessed for credit risk prior to approval and assigned a credit rating based on the credit risk rating methodology and management policy of the Lloyds Banking Group plc. The company has no credit risk to a third party, all assets are recoverable from the company's ultimate parent, Lloyds Banking Group plc being an A (2014: A) credit rated financial institution.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Risk management of financial instruments (continued)**Liquidity risk management:**

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

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

At 31 December 2015	Bank borrowings £	Other liabilities £	Total Liabilities £
On demand	-	-	-
Up to 1 month	2,270,000	2,811	2,272,811
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	<hr/>	<hr/>	<hr/>
Total	2,270,000	2,811	2,272,811
	<hr/>	<hr/>	<hr/>
At 31 December 2014	Bank borrowings £	Other liabilities £	Total Liabilities £
On demand	2,973,918	861	2,974,779
Up to 1 month	-	-	-
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	<hr/>	<hr/>	<hr/>
Total	2,973,918	861	2,974,779
	<hr/>	<hr/>	<hr/>

The fair value of current liabilities approximates their carrying values.

Interest rate risk management:

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

Based on the balance sheet carrying values a +/- 25 basis point change in interest rates will increase/reduce finance costs by £6,000 (2014: £nil).

Foreign currency risk:

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

Exposure to foreign currency fluctuations arises due to its financial assets and liabilities being denominated in foreign currencies.

At the year end, if the currency had fluctuated by +/- 25 basis points against the USD, with all other variables held constant, post tax profit would have changed by an insignificant amount (2014: insignificant) primarily due to assets denominated in USD.

11 Related parties

The company's immediate parent company is Bank of Scotland Structured Asset Finance Limited. The company regarded by the directors as the ultimate parent company and ultimate controlling party is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member. Bank of Scotland plc is the parent company of the smallest such group of undertakings. Copies of the group financial statements may be downloaded via www.lloydsbankinggroup.com.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Related parties (continued)

In respect of related party transactions, the outstanding balances receivable/(payable) at 31 December were as follows:

Nature of transaction	Related party	Related party relationship	2015 £	2014 £	Terms and conditions	
Cash at bank	Bank of Scotland plc	Intermediate parent company	1,664	13,444	No fixed date	N/A
Bank deposits	Bank of Scotland plc	Intermediate parent company	-	702,000	N/A	N/A
Amounts due from group companies	Bank of Scotland Structured Asset Finance Limited	Immediate parent undertaking	2,308,212	195,385,052	No fixed date	N/A
Amounts due to group companies	Bank of Scotland plc	Intermediate parent company	(2,270,000)	(2,973,918)	15/01/2016	0.58%
Interest payable	Bank of Scotland plc	Intermediate parent company	(2,811)	(861)	15/01/2016	N/A
Group relief receivable	Bank of Scotland plc	Intermediate parent company	2,620	434	No fixed date	N/A
Interest receivable	Bank of Scotland plc	Intermediate parent company	-	690	N/A	N/A

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

Bank borrowings are interest bearing and during the year rates of interest of between 0.50% and 0.58% (2014: 0.50%) were charged. Finance costs of £13,099 (2014: £5,020) were incurred during the year.

The company earned interest on bank deposits of £124 (2014: £2,965) on which rates of interest of 0.46% (2014: 0.44%) were received.

The company received/(paid) group relief of £434 (2014: £(2,973,918)) during the year from/(to) fellow subsidiary undertakings.

12 Adopted accounting standards

There were no new accounting standards adopted by the company during the year.

13 Future developments

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

<u>Pronouncement</u>	<u>Nature of change</u>	<u>IASB effective date</u>
IFRS 9; 'Financial Instruments' ¹	<p>IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. These changes are not expected to have a significant impact on the company.</p> <p>IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach. This change is likely to result in an increase in the company's balance sheet provisions for credit losses although the extent of any increase will depend upon, amongst other things, the composition of the company's lending portfolios and forecast economic conditions at the date of implementation. In February 2015, the Basel Committee on Banking Supervision published a consultative document outlining supervisory expectations regarding sound credit risk practices associated with implementing and applying an expected credit loss accounting framework. A final version is expected to be issued at the end of 2015.</p> <p>The hedge accounting requirements of IFRS 9 are more closely aligned with risk management practices and follow a more principle-based approach than IAS 39. The revised requirements are not expected to have a significant impact on the company.</p>	Annual periods beginning on or after 1 January 2018

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