

COMMERZBANK LEASING DECEMBER (1) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2017



Company Registered No. 2184416

COMMERZBANK LEASING DECEMBER (1) LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 December 2017. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. As a small company, the Company is exempt from the requirement to prepare a Strategic Report.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is the leasing of commercial properties, commercial vehicles, plant and equipment. During the year the Company developed as expected.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out in detail on page 6. The loss for the financial year was £2,177 (2016: loss of £17,025). The directors do not recommend the payment of a dividend (2016: £nil).

DIRECTORS

The directors of the Company who held office throughout the year and up to the date of signing the financial statements were as follows:

N G Aiken
P R Burrows
R A Birch
A D Levy

The directors benefited from qualifying third party indemnity provisions in place during the year and up to the date of signing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

From the perspective of the Company, aside from the risks described in notes 11 and 12, the principal risks and uncertainties are integrated with the risks of the Commerzbank AG group and are not managed or disclosed separately. These risks are set out in the financial statements of Commerzbank AG.

COMMERZBANK LEASING DECEMBER (1) LIMITED

DIRECTORS' REPORT (continued)

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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 101, 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 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.

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.

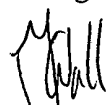
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has held office in accordance with Section 487 of the Companies Act 2006 for the 2017 financial year. Following a rigorous tender process conducted by the Commerzbank AG Audit Committee, Ernst & Young LLP will assume the role as independent auditors for the Commerzbank AG Group, of which the Company is a member, for the financial year ended 31 December 2018. The formal appointment of Ernst & Young LLP as auditorS to the Company will be completed after the approval of these financial statements.

Approved by the Board of Directors
and signed by order of the Board



J C Wall
Secretary

Commerzbank Leasing December (1) Limited
Company Registered No. 2184416

31 May 2018

COMMERZBANK LEASING DECEMBER (1) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMERZBANK LEASING DECEMBER (1) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Commerzbank Leasing December (1) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' 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 Report and Financial Statements (the 'Annual Report'), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

COMMERZBANK LEASING DECEMBER (1) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMERZBANK LEASING DECEMBER (1) LIMITED (continued)

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 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.

Directors' Report

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 2, 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.

COMMERZBANK LEASING DECEMBER (1) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMERZBANK LEASING DECEMBER (1) LIMITED (continued)

Responsibilities for the financial statements and the audit (continued)

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

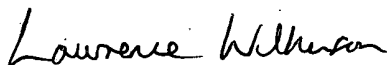
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

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.



Lawrence Wilkinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

31 May 2018

COMMERZBANK LEASING DECEMBER (1) LIMITED**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2017**

	Note	2017 £	2016 £
Finance lease income	4	54,091	119,845
Cost of sales – interest payable to Commerzbank AG London Branch		(56,268)	(136,870)
OPERATING LOSS AND LOSS BEFORE TAXATION	5	<u>(2,177)</u>	<u>(17,025)</u>
Tax on loss	6	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(2,177)</u>	<u>(17,025)</u>
Other comprehensive income after tax		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(2,177)</u>	<u>(17,025)</u>

All amounts stated above derive from continuing activities.

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements.

COMMERZBANK LEASING DECEMBER (1) LIMITED**STATEMENT OF FINANCIAL POSITION****As at 31 December 2017**

	Note	2017 £	2016 £
NON CURRENT ASSETS			
Net investment in finance leases	7	1,601,454	7,975,672
CURRENT ASSETS			
Net investment in finance leases	7	6,372,180	6,332,339
Amounts owed by group undertakings	8	338,076	330,881
Other debtors		318,303	319,201
		<hr/>	<hr/>
		7,028,559	6,982,421
CREDITORS: amounts falling due within one year:			
Amounts owed to group undertakings	9	(6,371,658)	(6,321,266)
VAT liability		(318,513)	(320,211)
		<hr/>	<hr/>
NET CURRENT ASSETS		338,388	340,944
		<hr/>	<hr/>
TOTAL ASSET LESS CURRENT LIABILITIES		1,939,842	8,316,616
CREDITORS: amounts falling due after more than one year:			
Amounts due to group undertakings	9	(1,624,596)	(7,999,193)
		<hr/>	<hr/>
NET ASSETS		315,246	317,423
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	10	510,000	510,000
Accumulated losses		(194,754)	(192,577)
		<hr/>	<hr/>
TOTAL SHAREHOLDER'S FUNDS		315,246	317,423
		<hr/>	<hr/>

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements.

These financial statements on pages 6 to 14 were approved by the Board of Directors and signed on its behalf by:



A D Levy
Director

31 May 2018

COMMERZBANK LEASING DECEMBER (1) LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2017**

	Called up share capital £	Accumulated losses £	Total shareholder's funds £
Balance as at 1 January 2016	510,000	(175,552)	334,448
Loss and total comprehensive expense for the year	-	(17,025)	(17,025)
Balance as at 31 December 2016	510,000	(192,577)	317,423
Loss and total comprehensive expense for the year	-	(2,177)	(2,177)
Balance as at 31 December 2017	510,000	(194,754)	315,246

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements.

COMMERZBANK LEASING DECEMBER (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

The Company is the lessor of commercial vehicles and plant and equipment through finance lease transactions and remains the legal owner and lessor of assets on lease to a third party, for the benefit of other third parties and group undertakings.

The Company is a private company limited by shares and is domiciled and incorporated in the UK. The Company's Registered Office is situated at 30 Gresham Street, London, EC2V 7PG.

2. SUMMARY OF SIGNIFICANT 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.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), which took effect from 1 January 2015. The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IAS 7, 'Statement of cash flows'; and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

At the year end the Company had a loan from Commerzbank AG London Branch to fund its activities, which remains in place as at the date of the signing of these financial statements. The loan, with an overall facility of £210.3m, is not repayable until 14 January 2019, matching the expected receipt of cash flows from the Company's net investment in finance leases. As a result of the long term nature of this loan facility, the directors continue to prepare the financial statements of the Company on a going concern basis. The financial statements therefore do not include the adjustments that would result if the Company were unable to continue as a going concern.

Changes in accounting policy and disclosures

a) New and amended standards adopted - there were no IFRSs or IFRS IC interpretations that were effective for the first time for the financial year beginning on or after 1 January 2017 that would be expected to have a material impact on the Company.

b) Only one of the new standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017, and not early adopted, is expected to have an impact on the Company in the future:

IFRS 9 – Financial Instruments was issued on 24 July 2014 and will be effective for the financial year beginning 1 January 2018. This will result in the Company being required to calculate a general loan loss provision against its net investments in finance leases, which was calculated to be £1,474 as at the date of transition.

COMMERZBANK LEASING DECEMBER (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue represents gross earnings net of rental rebates, impairments and the profit or loss on disposal, in the ordinary course of business, of finance leases.

Finance leases

Assets leased to clients are classified as finance leases if the lease agreement transfers substantially all of the risks and rewards of ownership to the lessee. The Company provides funding in the form of finance leases to corporate clients. The leases are based on providing the Company with a return appropriate to the credit risk on each client and do not expose the Company to residual value risk on the equipment or contingent liabilities.

Investments in finance leases are stated at the gross amount of minimum future rental payments less gross earnings allocated to future periods.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases. This method of income recognition is considered most appropriate for the leases held by the Company and is in compliance with recommended practice.

Disposal of finance leases

The profit or loss on the disposal of finance leases represents the difference between the book value of the relevant lease receivable and the consideration received.

Taxation

The tax expense for the year comprises current tax and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. In circumstances where the Company has either taxable profits or losses and group relief is surrendered from or to other group companies, the group relief is surrendered for nil consideration.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting for leases and, in particular, their classification as finance leases was the only accounting policy that was deemed critical to the Company's results and financial position, in terms of materiality of the items to which the policy is applied, which involved a high degree of judgement and estimation.

4. FINANCE LEASE INCOME

	2017 £	2016 £
Income from finance leases	72,799	104,149
Rental rebates – interest variations	(18,708)	15,696
Interest and similar income from finance leases	<u>54,091</u>	<u>119,845</u>

COMMERZBANK LEASING DECEMBER (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

5. OPERATING LOSS AND LOSS BEFORE TAXATION

All administrative expenses, including auditors' remuneration for services to the Company, were borne by Commerzbank AG London Branch. The Company had no employees during the year (2016: None). None of the directors received any emoluments in respect of their services to the Company (2016: £Nil). The audit fee applicable in respect of this Company's financial statements was £10,400 (2016: £14,000), with no further services provided to the Company by the Company's auditors.

6. TAX ON LOSS

2017	2016
£	£

Taxation is based on the loss for the year and comprises:

Current tax charge

-	-
---	---

Factors affecting the tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

Loss before taxation

(2,177)	(17,025)
---------	----------

Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)

(419)	(3,405)
-------	---------

Effects of:

Group relief surrendered at no charge

419	3,405
-----	-------

Tax charge

-	-
---	---

7. NET INVESTMENT IN FINANCE LEASES

2017	2016
£	£

Gross finance lease receivables – minimum lease payments:

No later than 1 year

6,403,316	6,408,533
-----------	-----------

Later than 1 year and no later than 5 years

1,602,081	8,005,397
-----------	-----------

8,005,397	14,413,930
-----------	------------

Contingent rents payable

(2,038)	(3,354)
---------	---------

Future finance income on finance lease receivables

(29,725)	(102,565)
----------	-----------

Net investment in finance lease

7,973,634	14,308,011
-----------	------------

The net investment in finance lease is as follows:

No later than 1 year

6,372,180	6,332,339
-----------	-----------

Later than 1 year and no later than 5 years

1,601,454	7,975,672
-----------	-----------

7,973,634	14,308,011
-----------	------------

The cost of assets acquired in the year for the specific purpose of leasing under finance leases was £Nil (2016: £Nil). The finance leases held are variable rate leases and therefore the directors believe that there is no material difference between the fair value and its carrying value at the balance sheet dates.

The contingent rents payable represents expected payments due to the lessee with respect to variable rate interest adjustments as compared to the minimum lease payments contained within the lease, which are based on the interest rate on inception of the lease.

COMMERZBANK LEASING DECEMBER (1) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2017**

8. AMOUNTS OWED BY GROUP UNDERTAKINGS	2017	2016
	£	£

Amounts owed by an intermediate parent undertaking	<u>338,076</u>	<u>330,881</u>
--	----------------	----------------

The amounts owed by an intermediate parent undertaking represents the balance held with Commerzbank AG London Branch in a non interest bearing current account. The directors therefore believe that the fair value of this asset is represented by its book value.

9. AMOUNTS OWED TO GROUP UNDERTAKINGS	2017	2016
	£	£

Amounts falling due within 1 year	6,371,658	6,321,266
Amounts falling due after more than one year	<u>1,624,596</u>	<u>7,999,193</u>
	<u>7,996,254</u>	<u>14,320,459</u>

The amounts owed to group undertakings represent a loan from Commerzbank AG London Branch that is unsecured, repayable on 14 January 2019 and bears interest at market rates. Because the loan attracts a variable rate of interest that is reset every three months, the directors believe that the fair value is represented by its book value.

10. CALLED UP SHARE CAPITAL	2017	2016
	£	£

Allotted, called up and fully paid		
510,000 ordinary shares of £1 each	<u>510,000</u>	<u>510,000</u>

11. FINANCIAL RISK MANAGEMENT

There are a number of risks to which the Company is exposed that are an inherent part of its activities. As at 31 December 2017, the Board places reliance on the Global Risk Management function of Commerzbank AG and receives regular reports on specific risks affecting the Company. The directors have however reviewed the approach applied and consider this to be appropriate for the Company. The information below outlines these risks and how they are managed throughout the Commerzbank Group. The information below shows that the Company has limited direct exposure to current market conditions:

- Market risk**

- Price/Interest rate risks

Market risk is the potential of suffering losses due to changes in market prices or parameters influencing market prices. It includes changes concerning illiquidity of sub-markets resulting in the inability of buying/selling positions of a special size, within a special period of time or at fair value conditions.

As the finance lease receivables are subject to annual variable rate interest adjustments and the funding provided rolls every 3 months on a variable rate basis, the directors believe that the Company is not materially subject to interest rate risk.

Responsibility for establishing policy for the management of market risk and setting limits for business areas lies with the Board of Commerzbank AG. It may delegate this responsibility to an appropriate body entitled to act within a Board approved overall framework. The Market Risk function develops risk measurement and monitoring policies in conjunction with the trading and non-trading businesses and monitors limit utilisation on a daily basis. The directors have reviewed the approach applied and consider this to be appropriate for the Company.

- Currency risk

Currency risk is the potential of suffering losses due to currency exposure in respect of assets and liabilities that are not denominated in the functional currency of the Company. All of the financial assets and liabilities of the Company are dominated in GBP and therefore the directors believe the Company is not subject to currency risk.

COMMERZBANK LEASING DECEMBER (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

11. FINANCIAL RISK MANAGEMENT (continued)

- Liquidity risk**

Liquidity risk is the risk that the ability to meet payment obligations cannot be ensured at all times. In economic terms, this is the risk resulting from the Company's exposure to an increase of liquidity premiums. All funding requirements are met through a loan facility of £210.3m from Commerzbank AG London Branch that is not repayable until 14 January 2019, a period that covers the expected cash flows receivable under the Company's finance lease agreements.

The size of this loan has reduced in line with the cash flows received from the finance lease receivables so that at the date of the signing of these financial statements the total amount due has reduced to just over £4.8m. Therefore, as the loan is not due to be repaid until after the expected receipt of the Company's finance lease receivables, the directors believe that the Company is not subject to liquidity risk.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<3 months £	3 months to 1 year £	1-5 years £	Total 2017 £
Amounts owed to Commerzbank AG London Branch	1,605,058	4,791,222	1,624,596	8,020,876

	<3 months £	3 months to 1 year £	1-5 years £	Total 2016 £
Amounts owed to Commerzbank AG London Branch	1,602,133	4,819,889	8,029,473	14,451,495

- Credit risk**

Credit risk is associated with potential losses arising from a business partner's (counterparty, issuer, other contractual partner) default, i.e. its inability or unwillingness to meet contractual obligations, or the deterioration of its creditworthiness, e.g. changes in the issuer credit rating.

Under its finance lease agreements with lessees the Company retains ownership rights on the lease assets, which collateralises the amounts receivable under the finance lease arrangements. At the date of the statement of financial position the Company assesses if there is objective evidence that the finance lease receivables have become impaired. The credit risk is concentrated on finance lease agreements, including the amounts shown as other debtors, with two third parties that are part of the same consolidated group that has an internal credit rating that is equivalent to an external S&P credit rating of AA, and on a current account balance held with Commerzbank AG London Branch, where the external credit rating of Commerzbank AG according to S&P is A-.

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 carrying value as at the reporting date.

Financial assets which are neither past due nor impaired:	2017 £	2016 £
Finance lease receivables	7,973,634	14,308,011
Other debtors	318,303	319,201
Intercompany current account	338,076	330,881
Total credit exposure	8,630,013	14,958,093

COMMERZBANK LEASING DECEMBER (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

12. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders.

During the year, the Company's approach to capital management remained unchanged and it was not regulated for capital requirements purposes. The Company ensures that the total of retained earnings and share capital (as shown in the Statement of Changes in Equity on page 8) is positive, given the funding lines in place to cover its leasing activities.

13. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company is Commerzbank Holdings (UK) Limited, a company incorporated in England & Wales.

The smallest and the largest group in which the results of the Company are consolidated is that headed by Commerzbank AG, a company incorporated in Germany under German law. Commerzbank AG is also the ultimate parent undertaking and controlling party. Financial statements of Commerzbank AG are available from Commerzbank AG, Investor Relations, Kaiserplatz, D-60261 Frankfurt am Main, Germany.