SCOTLIFE HOME LOANS (No.2) LIMITED

Directors' Report and Financial Statements

for the 12 months to 31 March 2015

Registered Number 02220177

Scotlife Home Loans (No.2) Limited

Directors' Report and Financial Statements for the 12 months to 31 March 2015

Contents

Company Information 3
Directors' Report for the 12 months to 31 March 2015 4
Statement of Comprehensive Income for the 12 months to 31 March 2015 7
Balance Sheet as at 31 March 2015 8
Statement of Changes in Equity for the 12 months to 31 March 2015 9
Cash Flow Statement for the 12 months to 31 March 2015 10
Notes to the Financial Statements for the 12 months to 31 March 2015 11

Scotlife Home Loans (No.2) Limited

Company Information

Directors
Ian John Hares
John Gornall (appointed 30 June 2014)
Paul Hopkinson (resigned 30 June 2014)

Company Secretary
Claire Louise Craigie (appointed 30 June 2014)
John Gornall (resigned 30 June 2014)

Registered Office
Croft Road
Crossflatts
Bingley
West Yorkshire
BD16 2UA

Scotlife Home Loans (No.2) Limited

Directors' Report for the 12 months to 31 March 2015

The Directors present their Report and Financial Statements for the 12 months to 31 March 2015. Scotlife Home Loans (No.2) Limited ('the Company') is a limited liability company incorporated and domiciled in the United Kingdom.

Principal activity and business review
The Company qualifies as a small company in accordance with sections 381-382 of the Companies Act 2006 (the 'Act'). The Directors' report has therefore been prepared taking into consideration the entitlement to small companies exemptions provided in section 414B (as incorporated to the Act by the Strategic Report and Directors' Regulations 2013) of the Act.

The principal activity of the Company is to act in an agency capacity, to enable the collection and distribution of cash from mortgage loans secured on residential property.

The Company has not traded during the current year or the preceding period and consequently made neither a profit nor a loss.

Controlling Party
The Company's immediate parent undertaking is Bradford & Bingley Investments, an unlimited company incorporated and domiciled in the United Kingdom.

Bradford & Bingley Investments' immediate parent undertaking is B&B, a public company incorporated and domiciled in the United Kingdom. B&B heads the smallest group of companies into which the Financial Statements of the Company are consolidated.

B&B's ultimate parent undertaking is UK Asset Resolution Limited ('UKAR'), a private limited company incorporated and domiciled in the United Kingdom, which is wholly owned by the Treasury Solicitor as nominee for HM Treasury. The Company considers Her Majesty's Government to remain its ultimate controlling party.

Dividends
No dividend was paid during the year (15 months to March 2014: £nil), and the Directors do not recommend the payment of a final dividend for the year.

Directors and their interests
The Directors who served during the year and up to the date of signing the Financial Statements were as follows:

Ian John Hares
John Gornall (appointed 30 June 2014)
Paul Hopkinson (resigned 30 June 2014)

The Directors did not hold any interest in the ordinary shares of the Company during the current year or the preceding period. The Directors had no interest in the loan capital of B&B or any other interest in the share or loan capital of its subsidiaries.

Mr Hares is a Director of B&B and UKAR.

Scotlife Home Loans (No.2) Limited

Directors' Report for the 12 months to 31 March 2015 (continued)

Risk management and control

The Directors have responsibility for the overall system of internal control and for reviewing its effectiveness. The effectiveness of the risk management is then monitored on an ongoing basis. Details of the Company's risks and their management and control are provided in note 7, and further discussion in the context of the B&B Group as a whole is provided in that Group's 2015 Annual Report & Accounts which do not form part of this Report and Financial Statements.

Directors' indemnities

Qualifying third party indemnity provision for the benefit of all Directors was in force during the year under review, and remains in force at the date of approval of the Directors' Report and Financial Statements.

UKAR has also arranged Directors' and Officers' Insurance on behalf of the Director in accordance with the provisions of the Companies Act 2006.

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 period. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards ('IFRS') 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 IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Scotlife Home Loans (No.2) Limited

Directors' Report for the 12 months to 31 March 2015 (continued)

Independent auditors

For the 12 months to 31 March 2015, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

On behalf of the Board

John Gornall
Director
15 December 2015

Scotlife Home Loans (No.2) Limited

Statement of Comprehensive Income for the 12 months to 31 March 2015

During the current year and the preceding period the Company received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss and no Statement of Comprehensive Income has been presented.

Scotlife Home Loans (No.2) Limited

Balance Sheet as at 31 March 2015

	Note	**At 31 March 2015 £**	At 31 March 2014 £
Assets			
Amounts due from Group undertaking	4	**1,000**	1,000
Total Assets		**1,000**	1,000
Equity			
Share capital	5	**1,000**	1,000
Total equity and liabilities		**1,000**	1,000

The notes on pages 11 to 13 form an integral part of these Financial Statements.

The Directors:

(a) confirm these Financial Statements were delivered with no profit and loss account in accordance with provisions under section 444(5) of the Companies Act (the 'Act') applicable to companies subject to the small companies' regime;

(b) confirm that the Company was entitled to exemption under section 480 (1) of the Act from the requirement to have its Financial Statements for the 12 months to 31 March 2015 audited;

(c) confirm that the members have not required the Company to obtain an audit of its Financial Statements for that financial period in accordance with section 476 of the Act;

(d) ensure that the Company keeps accounting records which comply with section 386 of the Act; and

(e) prepare the Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of the Act relating to Financial Statements, so far as they are applicable to the Company.

The Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Financial Statements were approved by the Board of Directors and authorised for issue on 15 December 2015 and signed on its behalf by:

John Gornall
Director
15 December 2015

Scotlife Home Loans (No.2) Limited

Statement of Changes in Equity

For the 12 months to 31 March 2015

	Share capital £	Total equity £
As at 1 April 2014 and 31 March 2015	**1,000**	**1,000**

For the 15 months to 31 March 2014

	Share capital £	Total equity £
As at 1 January 2013 and 31 March 2014	1,000	1,000

Scotlife Home Loans (No.2) Limited

Cash Flow Statement for the 12 months to 31 March 2015

During the current year and the preceding period the Company had no cash or cash equivalents and no cash transactions. Accordingly no Cash Flow Statement has been presented.

The Company had no significant non-cash transactions during the current year or the preceding period.

Scotlife Home Loans (No.2) Limited

Notes to the Financial Statements for the 12 months to 31 March 2015

1. Principal accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom.

(a) Statement of compliance
The Company's Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS').

The Financial Statements comply with the relevant provisions of Part 15 of the Companies Act 2006 and regulations made thereunder.

(b) Basis of preparation
The Financial Statements are prepared on the historical cost basis.

The Financial Statements are presented in pounds sterling, which is the currency of the Company's primary operating environment, and on a going concern basis. The validity of the going concern basis of accounting is dependent upon the funding position of the Company. At the date of approval of these Financial Statements, the B&B Group is reliant upon the financing facilities and the guarantee arrangements provided to B&B by HM Treasury. Withdrawal of the financing facilities or the guarantee arrangements would have a significant impact on the B&B Group's and the Company's operations and their ability to continue as a going concern, in which case adjustments may have to be made to reduce the carrying value of assets to recoverable amounts and to provide for further liabilities that might arise. At the date of signing these Financial Statements, HM Treasury has confirmed its intentions to continue to provide funding until at least 1 January 2017.

The Directors consider that the accounting policies set out in this note are the most appropriate to the Company's circumstances, have been consistently applied by the Company in dealing with items which are considered material, and are supported by reasonable and prudent estimates and judgements.

The Financial Statements have been prepared in accordance with EU adopted IFRS, IFRIC interpretations issued by the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The preparation of the Financial Statements in conformity with these accounting policies and generally accepted accounting principles requires the use of estimates and assumptions that affect the reported values of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates (see note 2).

2. Critical accounting judgements and estimates

In preparation of the Company's Financial Statements, judgements and estimates are made which affect the reported amounts of assets and liabilities; judgements and estimates are kept under continuous evaluation and are based on historical experience, expectations of future events and other factors.

Notes to the Financial Statements for the 12 months to 31 March 2015 (continued)

3. Employees and Directors' emoluments

There were no employees during the current year or the preceding period and the Directors did not receive emoluments in respect of their services to the Company.

4. Amounts due from Group undertakings

	At 31 March 2015 £	At 31 March 2014 £
Amounts due from Group undertakings	**1,000**	1,000

These balances are interest-free and repayable on demand. These balances are not considered impaired and no impairment allowance has been recognised.

5. Share capital

	At 31 March 2015 £	At 31 March 2014 £
Authorised		
1,000 Ordinary shares of £1 each	**1,000**	1,000
Allotted, issued and fully paid:	**1,000**	1,000

The shares rank equally in respect of rights attaching to voting, dividends and in the event of a winding up.

6. Related party disclosures

The Company considers the Directors to be its key management personnel.

The Company had no transactions with its key management personnel or other related parties during the current year or the preceding period.

Details of balances with the Group undertakings are shown in note 4.

The Company was exempt from audit and hence no audit fees were borne by B&B for the current year or the preceding period.

7. Financial instruments

In the opinion of the Directors, the fair value of the Company's amounts due from Group undertakings equates to their carrying value.

No financial assets were categorised as 'held for trading' or 'at fair value through profit or loss' during the year (15 months to March 2014: £nil).

The Company's maximum exposure to credit risk, ie the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company, is the carrying value of the Company's amounts due from Group undertakings.

The Company has no other material exposures to market risks.

8. Capital structure

The Company's capital is represented by the capital and reserves attributable to equity holders. The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies. The Company manages its capital and reserves in order that there is sufficient capital to meet the needs of the Company in its operations.

9. Ultimate parent undertaking

The Company's immediate parent undertaking is Bradford & Bingley Investments, an unlimited company incorporated and domiciled in the United Kingdom. Bradford & Bingley Investments' immediate parent undertaking is B&B, a public company incorporated and domiciled in the United Kingdom. B&B heads the smallest group of companies into which the Financial Statements of the Company are consolidated. Copies of the Annual Report and Accounts of B&B may be obtained from the Company Secretary at Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA.

The ultimate parent undertaking of B&B is UKAR, a private limited company incorporated and domiciled in the United Kingdom, which is wholly owned by the Treasury Solicitor as nominee for HM Treasury. UKAR heads the largest group of companies into which the Financial Statements of the Company are consolidated. Copies of the Annual Report and Accounts of UKAR may be obtained from the Company Secretary at Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA.

The Company considers Her Majesty's Government to remain its ultimate controlling party. The results of the UKAR Group are consolidated into those of HM Treasury and presented in HM Treasury's Annual Reports and Accounts.

10. Events after the reporting period

The Directors are of the opinion that there have been no significant events which have occurred since 31 March 2015 to the date of this report that are likely to have a material effect on the Company's financial position as disclosed in the Financial Statements.