

Company Registered No: 02354645

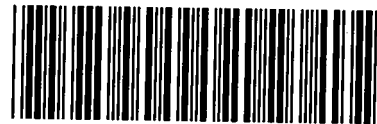
LOMBARD CORPORATE FINANCE (MARCH 1) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2014

**Corporate Governance and Secretariat
The Royal Bank of Scotland Group plc
PO Box 1000
Gogarburn
Edinburgh
EH12 1HQ**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**S J Caterer
P A Cheesman**

SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

**The Quadrangle
The Promenade
Cheltenham
GL50 1PX**

AUDITOR:

**Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD**

Registered in England and Wales

DIRECTORS' REPORT**ACTIVITIES AND BUSINESS REVIEW**

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and therefore does not include a strategic report.

Activity

The Company provides fixed asset finance usually involving structured facilities. Its last lease terminated during the year and the Company will take direction from its owners in seeking further business.

Review of the year***Business review***

The directors are satisfied with the Company's performance in the year, after taking into account the disposal of the leases and the impact of the change in corporation tax on the net finance lease turnover. The Company will be guided by its shareholders in seeking further opportunities for growth.

Financial performance

The retained loss for the year was \$594,000 (2013: retained profit \$280,000) and this was transferred from/to reserves. No interim dividend was paid during the year (2013: \$1,000,000).

Principal risks and uncertainties

The Company ceased to trade during the year. Since then its assets are denominated in US dollars and are with group companies. Accordingly the Company's exposure to risk is now limited to group credit risk on balances receivable and payable on demand.

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

Going concern

The Company is not currently trading. As required by IAS 1 – presentation of Financial Statements, management has prepared the financial statements on a basis other than that of going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 2.

From 1 April 2013 to date the following changes have taken place:

	Appointed	Resigned
Directors		
P D J Sullivan		31 December 2013
L C Varnavides		30 June 2014

DIRECTORS' REPORT (continued)**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare a directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and 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 estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 has been followed; 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 to enable them to ensure that the directors' report and financial statements comply with the requirements of 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken 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 shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

Deloitte LLP has expressed its willingness to continue in office as auditor.

Approved by the Board of Directors and signed on its behalf



Director: S J Caterer

Date: 23 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD CORPORATE FINANCE (MARCH 1) LIMITED

We have audited the financial statements of Lombard Corporate Finance (March 1) Limited for the year ended 31 March 2014 which have been prepared on a basis other than that of going concern and which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

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. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD CORPORATE FINANCE (MARCH 1) LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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;
- the directors were not entitled to take advantage of the small companies' exemption from preparing a strategic report or in preparing the directors' report.

Mark Taylor

Mark Taylor FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

Date *24 September 2014*

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2014**

Income from discontinued operations	Notes	2014 \$'000	2013 \$'000
Turnover	3	(680)	(64)
Operating expenses	4	(47)	(26)
Operating loss		(727)	(90)
Finance income	5	11	-
Finance costs	6	(55)	(163)
Loss on ordinary activities before tax	7	(771)	(253)
Tax credit	8	177	533
(Loss)/profit and total comprehensive (loss)/income for the year		(594)	280


The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 31 March 2014

	Notes	2014 \$'000	2013 \$'000
Fixed assets			
Finance lease receivables	10	-	48,354
Current assets			
Finance lease receivables	10	-	3,462
Loans receivable	11	5,342	694
Prepayments, accrued income and other assets	12	3	-
Cash at bank		18	18
		<u>5,363</u>	<u>4,174</u>
Total assets		<u>5,363</u>	<u>52,528</u>
Creditors: amounts falling due within one year			
Borrowings	13	1,825	1,296
Trade and other payables	14	-	395
Current tax liabilities		2,728	28
Accruals, deferred income and other liabilities	15	3	32
		<u>4,556</u>	<u>1,751</u>
Total assets less current liabilities		<u>807</u>	<u>50,777</u>
Creditors: amounts falling due after more than one year			
Borrowings	13	-	38,502
Deferred tax liability	16	-	10,874
		-	<u>49,376</u>
Total liabilities		<u>4,556</u>	<u>51,127</u>
Equity: Capital and reserves			
Called up share capital	18	10	10
Profit and loss account		797	1,391
Total shareholders' funds		<u>807</u>	<u>1,401</u>
Total liabilities and shareholders' funds		<u>5,363</u>	<u>52,528</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 September 2014 and signed on its behalf by:



Director: S J Caterer

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014

	Note	Share capital \$'000	Profit and loss account \$'000	Total \$'000
At 1 April 2012		10	2,111	2,121
Profit and total comprehensive income for the year		-	280	280
Dividends paid	9	-	(1,000)	(1,000)
At 31 March 2013		10	1,391	1,401
Loss and total comprehensive loss for the year		-	(594)	(594)
At 31 March 2014		10	797	807

Total comprehensive loss for the year of \$594,000 (2013: total comprehensive income \$280,000) was wholly attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Preparation and presentation of accounts**

These financial statements are prepared on a basis other than that of going concern and have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

Accordingly, in the year ended 31 March 2014 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 21.

The accounts are prepared on the historical cost basis.

The Company's financial statements are presented in US dollars which is the functional currency of the Company.

The Company is incorporated in the UK and registered in England and Wales. The Company's accounts are presented in accordance with the Companies Act 2006.

The Company ceased to trade during the 2014 financial year and has not traded since then. These events did not require the Company to re-measure, reclassify or adjust the settlement date of any assets or liabilities. IAS 1 paragraph 25 "Presentation of Financial Statements" describes the preparation of financial statements in such circumstances as being other than on a going concern basis.

There are a number of changes to IFRS that were effective from 1 April 2013. They have had no material effect on the Company's Financial Statements for the year ended 31 March 2014.

b) Foreign currencies

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in profit or loss.

c) Revenue recognition

Turnover comprises income from finance leases and loans and other services and arose in the United Kingdom from discontinued activities.

Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment. Unguaranteed residual values are subject to regular review, if there is a reduction in the estimated unguaranteed residual value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. Accounting policies (continued)****c) Revenue recognition (continued)**

Interest income on financial assets that are classified as loans and receivables, available-for-sale or held-to-maturity and interest expense on financial liabilities other than those at fair value are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

d) Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in the profit and loss account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

e) Leases

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer; all other contracts with customers to lease assets are classified as operating leases.

Finance lease receivables are stated in the balance sheet at the amount of the net investment in the lease being the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease.

f) Financial assets

On initial recognition, financial assets are classified into held-to-maturity investments held-for-trading; designated as at fair value through profit or loss; loans and receivables; or available-for-sale financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

g) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale, finance leases or other loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

h) Financial liabilities

On initial recognition financial liabilities are classified into held-for-trading; designated as at fair value through profit or loss; or amortised cost.

Other than derivatives, which are recognised and measured at fair value, all other financial liabilities are measured at amortised cost using the effective interest method.

i) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. Upon cessation of trade there are no balances resulting in significant sources of estimations or judgement.

Leased assets

Judgement is required in the classification of a lease at inception and after any material amendment to assess whether substantially all the significant risks and rewards of ownership accrue to the lessor or the lessee.

3. Turnover

	2014 \$'000	2013 \$'000
Finance lease income:		
Rents receivable	1,690	3,442
Amortisation	(1,467)	(1,621)
Contingent rental expense	(903)	(1,885)
	<u>(680)</u>	<u>(64)</u>

The Company did not enter into any new leasing transactions (2013: \$nil) during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Operating expenses

	2014 \$'000	2013 \$'000
Loss on disposal of finance leases	38	-
Management fees	9	26
	<u>47</u>	<u>26</u>

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the accounts of The Royal Bank of Scotland Group plc contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees and pays a management charge for services provided by other group companies. The directors of the Company do not receive remuneration for specific services provided to the Company.

Management recharge

Management charges relate to the Company's share of group resources such as the use of IT platforms, staff and a share of central resources. These are re-charged on an annual basis.

5. Finance income

	2014 \$'000	2013 \$'000
On loans receivable:		
From group undertakings	<u>11</u>	<u>-</u>

6. Finance costs

	2014 \$'000	2013 \$'000
Interest on loans from group undertakings	<u>55</u>	<u>163</u>

7. Loss on ordinary activities before tax

Loss on ordinary activities before tax is stated after charging:

	2014 \$'000	2013 \$'000
Auditor's remuneration – audit services (included within the management fee shown above)	<u>11</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tax

	2014 \$'000	2013 \$'000
Current taxation:		
UK corporation tax charge for the year	10,697	83
Deferred taxation:		
Credit for the year	(10,874)	(137)
Impact of tax rate changes	-	(479)
	(10,874)	(616)
Tax credit for the year	(177)	(533)

Where appropriate current tax consists of sums payable or receivable for group relief.

The actual tax credit matches the expected tax credit (2013: the actual tax credit differs from the expected tax credit) computed by applying the standard rate of UK corporation tax of 23% (2013: standard tax rate 24%) as follows:

	2014 \$'000	2013 \$'000
Expected tax credit	(177)	(61)
Reduction in deferred tax following change in rate of UK corporation tax	-	(472)
Actual tax credit for the year	(177)	(533)

9. Ordinary dividends

	2014 \$'000	2013 \$'000
Interim dividend paid	-	1,000

No dividends have been approved or paid since 31 March 2014 to the date of approval of these accounts.

10. Finance lease receivables

	Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000	Total \$'000
2014				
Future minimum lease payments	-	-	-	-
Unearned finance income	-	-	-	-
Present value of minimum lease payments receivable	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Finance lease receivables (continued)

	Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000	Total \$'000
2013				
Future minimum lease payments	3,519	15,161	52,641	71,321
Unearned finance income	(57)	(1,646)	(17,802)	(19,505)
Present value of minimum lease payments receivable	3,462	13,515	34,839	51,816
			2014 \$'000	2013 \$'000
Due within one year			-	3,462
Due after more than one year			-	48,354
			-	51,816

The Company had entered into finance leasing agreements for 2 container ships with an average lease term of 25 years which were disposed of during the 2014 financial year.

The average effective interest rate in relation to the finance lease agreements approximated to 4%.

11. Loans receivable

	2014 \$'000	2013 \$'000
Due within one year		
Amounts owed by group undertakings	5,342	694

12. Prepayments, accrued income and other assets

	2014 \$'000	2013 \$'000
Accrued income	3	-

13. Borrowings

	2014 \$'000	2013 \$'000
Loans from group undertakings	1,825	39,798
Current – on demand or within one year	1,825	1,296
Non-current		
- between one and two years	-	1,400
- between two and five years	-	4,927
- after five years	-	32,175
	-	38,502

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Trade and other payables

	Due within one year	
	2014	2013
	\$'000	\$'000
Other payables	-	395

15. Accruals, deferred income and other liabilities

	2014	2013
	\$'000	\$'000
Accruals	3	32

16. Deferred tax

Net deferred tax liability comprises:

	Capital allowances \$'000	Other \$'000	Total \$'000
At 1 April 2012	11,285	205	11,490
Credit to profit and loss	(591)	(25)	(616)
At 31 March 2013	10,694	180	10,874
Credit to profit and loss	(10,694)	(180)	(10,874)
At 31 March 2014	-	-	-

17. Financial instruments and risk management

(i) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values. Where the financial instruments are of short maturity, the carrying value is equal to the fair value.

The fair value of finance lease receivables is estimated by discounting expected future cash flows using current interest rates and making appropriate adjustments for lessee credit risk and own credit risk in the current year respectively.

All financial assets are classed as loans and receivables. All financial liabilities are classed as amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial instruments and risk management (continued)

(i) Fair value of financial instruments not carried at fair value (continued)

	2014 Carrying value \$'000	2014 Fair value \$'000	2013 Carrying value \$'000	2013 Fair value \$'000
Financial assets				
Finance lease receivables	-	-	51,816	46,829

The fair value of financial instruments that are not carried at fair value on the balance sheet is considered not to be materially different to the carrying amounts.

(ii) Financial risk management

The principal risks associated with the Company's businesses are as follows:

Interest rate risk

Structural interest rate risk arises where assets and liabilities have different re-pricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any re-pricing mismatches.

Finance lease receivables may be based on fixed and/or floating rates. These are funded primarily through balances owed to group undertakings. The re-pricing maturity profile of the financial assets of the Company may be different to that of the associated borrowings and hence give potential exposure to interest rate risk.

The interest profile of the Company's assets and liabilities is as follows:

2014	Variable rate \$'000	Non- interest earning \$'000	Total \$'000
Financial assets			
Loans receivable	5,342	-	5,342
Prepayments, accrued income and other assets	-	3	3
Cash	18	-	18
	<u>5,360</u>	<u>3</u>	<u>5,363</u>
Financial liabilities			
Borrowings	1,825	-	1,825
Accruals and other liabilities	-	3	3
	<u>1,825</u>	<u>3</u>	<u>1,828</u>
Net financial assets	<u>3,535</u>	<u>-</u>	<u>3,535</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial instruments and risk management (continued)

(ii) Financial risk management (continued)

Interest rate risk (continued)

2013	Variable rate \$'000	Non- interest earning \$'000	Total \$'000
Financial assets			
Finance leases	51,816	-	51,816
Loans receivable	694	-	694
Cash	18	-	18
	<u>52,528</u>	<u>-</u>	<u>52,528</u>
Financial liabilities			
Borrowings	39,798	-	39,798
Trade and other payables	-	395	395
Accruals and other liabilities	-	32	32
	<u>39,798</u>	<u>427</u>	<u>40,225</u>
Net financial assets/(liabilities)	<u>12,730</u>	<u>(427)</u>	<u>12,303</u>

Assuming that the balances receivable and/or payable at the balance sheet date were receivable and/or payable for the whole year, had interest rates been 0.5% higher and all other variables held constant, the Company's loss before tax for the year would have decreased by \$18,000 (2013: loss before tax for the year would have decreased by \$4,000). This is mainly due to the Company's exposure to interest rates on its variable rate funding. There would be no other material impact on equity.

Credit risk

The table below provides details of credit exposures for those financial assets neither past due nor impaired:

<u>Sector</u>	<u>No. of counterparties</u>	2014 \$'000	2013 \$'000
Shipping	0 (2013: 1)	-	51,816
Finance lease receivables		-	51,816
Group undertakings		5,360	712
Other		3	-
Maximum credit exposure		<u>5,363</u>	<u>52,528</u>

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial instruments and risk management (continued)

(ii) Financial risk management (continued)

Financial liabilities

The following table shows by contractual maturity the undiscounted cash flows payable from the balance sheet date including future interest payments:

	0 – 3 months \$'000	3 – 12 months \$'000	1 – 3 years \$'000	3 – 5 years \$'000	5 – 10 years \$'000	10 – 20 years \$'000
2014						
Borrowings	1,826	-	-	-	-	-
Accruals and other liabilities	3	-	-	-	-	-
	<u>1,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2013						
Borrowings	363	1,074	3,269	3,980	13,547	22,192
Trade and other payables	395	-	-	-	-	-
Accruals and other liabilities	32	-	-	-	-	-
	<u>790</u>	<u>1,074</u>	<u>3,269</u>	<u>3,980</u>	<u>13,547</u>	<u>22,192</u>

The Company's intra-group liabilities may in certain circumstances become repayable on demand pursuant to the terms of the capital support deed (see note 20 commitments and contingent liabilities).

18. Share capital

	2014 \$	2013 \$
Authorised:		
1,000 Ordinary shares of £1	1,580	1,580
100,000 Ordinary shares of \$1	100,000	100,000
	<u>101,580</u>	<u>101,580</u>
Allotted, called up and fully paid:		
Equity shares		
2 Ordinary shares of £1	3	3
10,000 Ordinary shares of \$1	10,000	10,000
	<u>10,003</u>	<u>10,003</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Share capital (continued)

The £1 ordinary shares rank pari passu with the US \$1 ordinary shares.

The value attributed to Sterling share capital is based on the exchange rate prevailing at the date of issue.

Both classes of ordinary shares carry no right to fixed income.

19. Capital resources

The Company's capital consists of equity comprising issued share capital, retained earnings and loans from group undertakings. The Company is a member of The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the Company is governed by the group's policy which is to maintain a strong capital base: it is not separately regulated. The group has complied with the Prudential Regulation Authority's capital requirements throughout the year.

20. Commitments and contingent liabilities

The Company, together with other members of the RBSG group companies, is party to a capital support deed (CSD). Under the terms of the CSD, the Company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the Company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources). The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately repayable, such repayment being limited to the Company's available resources.

21. Related parties

UK Government

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a company it wholly-owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of taxes including UK corporation tax and value added tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)**21. Related parties (continued)****Group undertakings**

The Company's immediate parent company is Royal Bank Leasing Limited, a company incorporated in the UK. As at 31 March 2014 The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, The Royal Bank of Scotland plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in the UK and heads the largest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.