

Company Registered No: 02392930

**HAREWOOD DEPOT LEASING LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2015**



## **HAREWOOD DEPOT LEASING LIMITED**

<b>CONTENTS</b>	<b>Page</b>
Officers and professional advisers	3
Directors' report	4 - 6
Independent auditor's report	7 - 8
Profit and loss account	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

**HAREWOOD DEPOT LEASING LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**M B Taylor  
M G Carr  
A R Collins**

**SECRETARY**

**K Schrod (resigned 30 June 2016)**

**REGISTERED OFFICE:**

**10 Harewood Avenue  
London  
NW1 6AA**

**AUDITOR:**

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

**Registered in England and Wales**

## **HAREWOOD DEPOT LEASING LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015**

The Directors present their report of Harewood Depot Leasing Limited (the "Company"), for the period ended 31 December 2015.

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.

#### **Principal Activity**

The principal activity of the Company continues to be the provision of fixed asset finance usually involving individually structured facilities.

#### **Review of the business**

The directors are satisfied with the Company's performance in the period.

#### **Financial performance**

On 20 February 2015 binding arrangements were entered into, pursuant to which:

- On 25 February 2015 BNP Paribas advanced a loan of £105.4 million to the Company, which was used to repay its borrowings in full from Royal Bank Leasing Limited. The interest rate on this loan was set on 19 February 2015.
- The Company sold all of its finance lease assets to an unconnected counterparty on 7 July 2015 for gross proceeds of £103.7 million. Following this event, the Company repaid its entire borrowings from BNP Paribas. A consequence of the sale of the assets was that the deferred tax liability of £18.1 million was no longer required, and accordingly, an £18.1 million deferred tax credit has been recorded in the income statement in the current accounting period. The net effect of these transactions and after taking account of the dividend paid on 19 November 2015, is that the Company has positive reserves of approximately £3.8 million at the date of approving these financial statements.

The profit for the period was £19,259,000 (period ended 20 February 2015: loss of £13,333,000) and this was transferred to reserves. As discussed above the Company sold all of its finance lease assets on 7 July 2015.

An interim dividend of £3,000,000 was paid during the period (period ended 20 February 2015: £ nil).

#### **Principal risks and uncertainties**

The principal risks to which the Company is potentially exposed through its activities are credit risk and market risk. Refer to note 18 for further details on financial risk management.

## **HAREWOOD DEPOT LEASING LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)**

#### **Going concern**

The Company has financial resources in the form of cash and other assets which more than cover any liabilities under which it is currently obligated. It is the Company's intention to seek opportunities to write new property leasing business. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and so have prepared the financial statements on a going concern basis.

#### **DIRECTORS AND SECRETARY**

The Directors and Secretary, who have served during the period are listed on page 3.

#### **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 period 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; 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 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.

**HAREWOOD DEPOT LEASING LIMITED**

**DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)**

**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: ..... **MICHAEL CARR**

Date: 27 September 2016

## **HAREWOOD DEPOT LEASING LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAREWOOD DEPOT LEASING LIMITED**

We have audited the financial statements of Harewood Depot Leasing Limited ('the Company') for the 314 day period ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. 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 nonfinancial 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 December 2015 and of its profit for the 314 day period 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 period for which the financial statements are prepared is consistent with the financial statements.

**HAREWOOD DEPOT LEASING LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAREWOOD DEPOT LEASING 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; or
- 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 Auditors  
Bristol, United Kingdom  
Date: 27 September 2016



**HAREWOOD DEPOT LEASING LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2015**

		<b>314 day period ended 31 December 2015 £'000</b>	<b>142 day period ended 20 February 2015 £'000</b>
Income from continuing operations	Note		
Turnover	4	<b>4,969</b>	2,382
Operating expenses	5	<b>(2,509)</b>	(63)
<b>Operating profit</b>		<b>2,460</b>	2,319
Finance costs	6	<b>(1,692)</b>	(18,747)
<b>Profit / (Loss) on ordinary activities before tax</b>	7	<b>768</b>	(16,428)
Taxation credit	8	<b>18,491</b>	3,095
<b>Profit / (Loss) and total comprehensive income / (loss) for the period</b>		<b>19,259</b>	(13,333)

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

## HAREWOOD DEPOT LEASING LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	31 December 2015 £'000	20 February 2015 £'000
<b>Fixed assets</b>			
Finance lease receivables	10	-	92,353
<b>Current assets</b>			
Finance lease receivables	10	-	9,782
Cash and cash equivalents	11	176	-
Deferred tax assets	12	-	7,119
Group relief receivable		3,586	-
Trade and other receivables	13	70	568
		<b>3,832</b>	<b>17,469</b>
<b>Total assets</b>		<b>3,832</b>	<b>109,822</b>
<b>Creditors: amounts falling due within one year</b>			
Borrowings	14	-	99,610
Trade and other payables	15	18	580
Current tax liabilities		-	3,919
Accruals, deferred income and other liabilities	16	-	52
		<b>18</b>	<b>104,161</b>
<b>Total assets less current liabilities</b>		<b>3,814</b>	<b>5,661</b>
<b>Creditors: amounts falling due after more than one year</b>			
Deferred tax liability	17	-	18,106
			<b>18,106</b>
<b>Total liabilities</b>		<b>18</b>	<b>122,267</b>
<b>Equity: Capital and reserves</b>			
Called up share capital	19	-	-
Profit and loss account		<b>3,814</b>	<b>(12,445)</b>
<b>Total shareholders' funds/(deficit)</b>		<b>3,814</b>	<b>(12,445)</b>
<b>Total liabilities and shareholders' funds</b>		<b>3,832</b>	<b>109,822</b>

These financial statements have been prepared in accordance with the provisions of the Small Companies' Exemption.

The accompanying notes form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 27 September 2016 and signed on its behalf by:

Director: .....

MICHAEL TAYLOR

# HAREWOOD DEPOT LEASING LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

	Share capital £'000	Profit and loss account £'000	Total £'000
<b>At 30 September 2014</b>	-	888	888
Loss and total comprehensive loss for the period	-	(13,333)	(13,333)
Dividends paid (Note 9)	-	-	-
<b>At 20 February 2015</b>	-	(12,445)	(12,445)
Profit and total comprehensive income for the period	-	19,259	19,259
Dividends paid (Note 9)	-	(3,000)	(3,000)
<b>At 31 December 2015</b>	-	<b>3,814</b>	<b>3,814</b>

Total comprehensive gain for the period of £19,259,000 (for the period ended 20 February 2015: loss £13,333,000) was wholly attributable to the owners of the Company.

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

## **HAREWOOD DEPOT LEASING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015**

#### **1. Accounting policies**

##### **a) Preparation and presentation of accounts**

These financial statements are prepared on a going concern basis, as described in the Directors' Report, 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 (FRS) 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

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 Royal Bank of Scotland Group plc for the period up to 20 February 2015 and BNP Paribas for 20 February 2015 and subsequently. These accounts are available to the public and can be obtained as set out in note 20.

The accounts are prepared on the historical cost basis.

These financial statements have been prepared for the period to 31 December 2015 to align to the accounting year end of the parent company.

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

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

There are a number of changes to IFRS that were effective from 1 October 2014. They have had no material effect on the Company's financial statements for the period ended 31 December 2015.

##### **b) Revenue recognition**

Turnover comprises income from finance leases, loans and other services and arises in the United Kingdom from continuing 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.

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.

## **HAREWOOD DEPOT LEASING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)**

#### **1. Accounting policies (continued)**

##### **c) 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 period 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.

##### **d) 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.

##### **e) 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.

##### **f) 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.

## **HAREWOOD DEPOT LEASING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)**

#### **1. Accounting policies (continued)**

##### **g) 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.

##### **h) 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. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

##### **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. Back to back lease agreements**

The Company was an intermediate party to back to back headlease and sublease agreements concerning six rail depots which are linked to the finance lease receivables in Note 10. The freeholder has leased land and buildings in existence before the inception of the finance lease to the Company on the basis of their being sublet to a specified rail operator already in occupation. As the Company has neither the right to use, or benefit from, the assets subject to the head leases and subleases, in substance these agreements do not constitute leases in accordance with SIC-27 'Evaluating the substance of Transactions Involving the Legal Form of a Lease'. Any risks, including credit risk, retained by the Company under these headlease and sublease agreements are mitigated via agreements with third parties. Accordingly the Company does not include any asset or liability under these agreements on its balance sheet except where amounts are due for payment.

## HAREWOOD DEPOT LEASING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

#### 3. Back to back lease agreements (continued)

Likewise the rental income and payments arising from these agreements have not been recorded in the profit and loss account. These amounts are:

	314 day period ended 31 December 2015 £'000	143 day period ended 20 February 2015 £'000
Sub lease rental income	1,641	1,689
Head lease rental payments	(1,641)	(1,689)
	-	-

These agreements were sold on 7 July 2015 (20 February 2015:18 years remaining to maturity).

#### 4. Turnover

	314 day period ended 31 December 2015 £'000	143 day period ended 20 February 2015 £'000
Finance lease income:		
Rents receivable	3,176	3,934
Amortisation	(1,165)	(1,376)
Other income from Finance Lease	7,400	-
	9,411	2,558
Amortisation of Contract Expenses	(4,442)	(176)
	4,969	2,382

Turnover in the period to 31 December 2015 takes into account £7.4 million negative amortisation of the carrying value of the finance lease receivable and £4.442 million of amortisation of contract expenses which resulted from the sale of the Company's leased assets for £103.7 million on 7 July 2015. Under the terms of the sale, the Company's right to receive further rentals from those lease agreements ceased on 14 June 2015. The rentals between these two dates accrued instead to the acquirer of the leased assets. Consequently, in recognising the rents receivable and amortisation in the period, as shown above, only income accruing in the period to 14 June 2015 has been considered.

# **HAREWOOD DEPOT LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)**

### **5. Operating expenses**

	<b>314 day period ended 31 December 2015 £'000</b>	<b>143 day period ended 20 February 2015 £'000</b>
Cost relating to re-financing arrangements	1,923	-
Management charges	500	63
Other charges	86	-
	<b>2,509</b>	<b>63</b>

### **Staff costs, number of employees and directors' emoluments**

All staff and Directors were employed by BNP Paribas, the ultimate parent undertakings for the relevant periods and all staff costs were borne by the ultimate parent undertakings. The Company has no employees and pays a management fee for services provided. The Directors of the Company do not receive remuneration for specific services provided to the Company.

### **6. Finance costs**

	<b>314 day period ended 31 December 2015 £'000</b>	<b>143 day period ended 20 February 2015 £'000</b>
Interest on loans from group undertakings	<b>1,692</b>	<b>18,747</b>

Interest on loans from group undertakings refers to interest charged by Royal Bank Leasing Limited up to 20 February 2015, the point at which the Company was sold to BNP Paribas. Interest after 20 February 2015 was charged by BNP Paribas. The borrowings matured in July 2015.

### **7. Profit / (Loss) on ordinary activities before tax**

	<b>314 day period ended 31 December 2015 £'000</b>	<b>143 day period ended 20 February 2015 £'000</b>
Auditors' remuneration - audit services (included within other charges shown above)	<b>15</b>	<b>14</b>



# HAREWOOD DEPOT LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

### 8. Taxation

	314 day period ended 31 December 2015 £'000	143 day period ended 20 February 2015 £'000
Current taxation:		
UK corporation tax (credit)/charge for the period	(7,505)	4,312
Deferred taxation:		
Credit for the period	(10,986)	(7,762)
Effect of tax rate change	-	355
	(10,986)	(7,407)
Tax (credit) for the period	(18,491)	(3,095)

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

The actual tax (credit) for the period differs from the expected tax charge / (credit) computed by applying the blended rate of UK corporation tax of 20% (period to 20 February 2015: blended tax rate 21%) as follows:

	314 day period ended 31 December 2015 £'000	143 day period ended 20 February 2015 £'000
Profit/(Loss) on ordinary activities before tax	768	(16,428)
Tax using the UK Corporation tax rate of 20% (period to 20 February 2015: 21%)	154	(3,450)
Effects of:		
- Non-deductible items	(1,210)	-
- Release of deferred tax liability	(17,406)	-
- Prior year adjustments	(29)	-
- Effect of tax rate change	-	355
Tax (credit) for the period	(18,491)	(3,095)

### 9. Ordinary dividends

	314 day period ended 31 December 2015 £'000	143 day period ended 20 February 2015 £'000
Interim dividend paid	3,000	-

A dividend of £3,000,000 was approved and paid on 19 November 2015 (period ended 20 February 2015: £nil)

# HAREWOOD DEPOT LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

### 10. Finance lease receivables

	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
<b>31 December 2015</b>				
Future minimum lease payments	-	-	-	-
Unearned finance income	-	-	-	-
Present value of minimum lease payments receivable	-	-	-	-
<b>20 February 2015</b>				
Future minimum lease payments	10,085	40,341	110,095	160,521
Unearned finance income	(303)	(6,490)	(51,593)	(58,386)
Present value of minimum lease payments receivable	9,782	33,851	58,502	102,135
			<b>31 December 2015 £'000</b>	<b>20 February 2015 £'000</b>
Due within one year			-	9,782
Due after more than one year			-	92,353
			-	102,135

The company sold all of its finance assets on 7 July 2015.

### 11. Cash and cash equivalents

	<b>31 December 2015 £'000</b>	<b>20 February 2015 £'000</b>
<b>Due within one year</b>		
Amounts owed by group undertakings	176	-

# **HAREWOOD DEPOT LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)**

### **12. Deferred tax asset**

	<b>31 December 2015</b>	<b>20 February 2015</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance	<b>7,119</b>	-
Profit & loss	<b>(7,119)</b>	7,474
Effect of tax rate change	-	(355)
Closing balance		<b>7,119</b>

The breakdown of the deferred tax asset is as follows:

	<b>31 December 2015</b>	<b>20 February 2015</b>
	<b>£'000</b>	<b>£'000</b>
Losses	-	<b>7,119</b>

### **13. Trade and other receivables**

	<b>31 December 2015</b>	<b>20 February 2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	-	401
Other receivables	<b>70</b>	167
	<b>70</b>	<b>568</b>

### **14. Borrowings**

	<b>31 December 2015</b>	<b>20 February 2015</b>
	<b>£'000</b>	<b>£'000</b>
Overdrafts from group banks	-	-
Loans from group undertakings	-	99,610
Loans from external undertakings	-	99,610
Current - on demand or within one year	-	<b>99,610</b>

## HAREWOOD DEPOT LEASING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

#### 15. Trade and other payables

	31 December 2015 £'000	20 February 2015 £'000
Value added tax payable	-	166
Other payables	18	414
	<b>18</b>	<b>580</b>

#### 16. Accruals, deferred income and other liabilities

	31 December 2015 £'000	20 February 2015 £'000
Accruals	-	52

#### 17. Deferred tax liability

Deferred tax liability comprises:

	Capital Allowances £'000	Other £'000	Total £'000
At 30 September 2014	17,664	730	18,394
Credit to profit and loss	(258)	(30)	(288)
At 20 February 2015	17,406	700	18,106
Credit to profit and loss	(17,406)	(700)	(18,106)
At 31 December 2015	-	-	-

As a consequence of sale of leased assets on 7 July 2015 the deferred tax liability of £18.1 million was released to profit and loss account.

#### 18. 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.

Where the interest rates on finance leases have been fixed by way of an interest rate swap in a related entity, the fair value has been calculated by adjusting the carrying value of the associated mark to market arising on the swap.

The fair value of the borrowings is estimated by discounting future expected cash flows using current interest rates and making adjustments for own credit risk.

The fair values presented below correspond to level 2 valuations in the IFRS13 hierarchy.

## HAREWOOD DEPOT LEASING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

#### 18. Financial instruments and risk management (continued)

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

	31 December 2015		20 February 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Finance lease receivables	-	-	102,135	119,257
<b>Financial liabilities</b>				
Borrowings	-	-	99,610	99,610

#### (ii) Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities.

Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

#### (iii) Market risk

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

##### (a) 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.

# HAREWOOD DEPOT LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

### 18. Financial instruments and risk management (continued)

#### Interest rate risk (continued)

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

31 December 2015	Fixed Rate £'000	Variable Rate £'000	Non- Interest Earning £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	176	-	176
Finance lease receivables	-	-	-	-
Loans receivables	-	-	-	-
	-	176	-	176
<b>Financial liabilities</b>				
Borrowings	-	-	-	-
Accruals and other liabilities	-	-	-	-
	-	-	-	-
<b>Net financial assets (liabilities)</b>	-	176	-	176

  

20 February 2015	Fixed Rate £'000	Variable Rate £'000	Non- Interest Earning £'000	Total £'000
<b>Financial assets</b>				
Finance lease receivables	102,135	-	-	102,135
Loans receivables	-	-	-	-
	102,135	-	-	102,135
<b>Financial liabilities</b>				
Borrowings	-	99,610	-	99,610
Accruals and other liabilities	-	-	52	52
		99,610	52	99,662
<b>Net financial assets (liabilities)</b>	102,135	(99,610)	(52)	2,473

Assuming that the balances receivable and payable at the balance sheet date were receivable and payable for the whole period, had interest rates been 0.5% higher and all other variables held constant, the Company's profit before tax for the period would have increased by £1,000 (20 February 2015: loss before tax for the period would have increased by £194,000). This is mainly due to the Company's exposure to interest rates on its variable rate funding in place at the period end. There would be no other impact on equity.

# HAREWOOD DEPOT LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

### 18. Financial instruments and risk management (continued)

#### (b) Foreign exchange risk

The Company has no currency risk as all transactions and balances are denominated in Sterling.

#### (iv) Credit risk

The Company takes on exposure to credit risk that counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk arises on receivables and cash and cash equivalents.

Credit risk within the Company is monitored by the Risk function of BNP Paribas, the ultimate parent undertaking.

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>	<b>31 December 2015 £'000</b>	<b>20 February 2015 £'000</b>
	-		
Transportation	None (20 February 2015 : 1)	-	102,135
Finance lease receivables		-	102,135
Group undertakings		-	-
		-	102,135
Amounts past due:			
0-1 month		-	-
Maximum credit exposure		-	102,135

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

## HAREWOOD DEPOT LEASING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 (continued)

#### 18. Financial instruments and risk management (continued)

##### (iv) Credit risk (continued)

##### Financial liabilities

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

31 December 2015	0-3 months £'000	3-12 months £'000	1-3 years £'000	3-5 years £'000	5-10 years £'000	10-20 years £'000
Borrowings	-	-	-	-	-	-
Trade and other payables	18	-	-	-	-	-
Accruals and other liabilities	-	-	-	-	-	-
	<b>18</b>	-	-	-	-	-

20 February 2015	0-3 months £'000	3-12 months £'000	1-3 years £'000	3-5 years £'000	5-10 years £'000	10-20 years £'000
Borrowings	99,610	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Accruals and other liabilities	52	-	-	-	-	-
	<b>99,662</b>	-	-	-	-	-

#### 19. Share capital

	31 December 2015	20 February 2015
Authorised 1,000 Ordinary Shares of £1	<b>1,000</b>	<b>1,000</b>
Equity shares 100 Ordinary Shares of £1	<b>100</b>	<b>100</b>

The Company has one class of ordinary shares which carry no right to fixed income.



**HAREWOOD DEPOT LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER  
2015 (continued)**

**20. Group undertakings**

BNP Paribas, a company incorporated in France, is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2015. BNP Paribas is the immediate parent undertaking to the Company. The consolidated financial statements of BNP Paribas are available from 16 Boulevard des Italiens, 75009 Paris, France.