

ING Lease Holdings (UK) Limited

Annual Report and Financial Statements

Registered number: 2453767

For the year ended 31 December 2017



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Strategic report

Principal activity

The Company is an investment holding company.

Business review

ING Lease Holdings (UK) Limited is a private limited company incorporated and domiciled in the United Kingdom under Companies Act 2006.

The Company operated as an investment holding company throughout the year.

The Company has performed in line with the directors' expectations. Based on the limited operations of the company, the directors have concluded that KPI monitoring is not necessary. The profit and loss, balance sheet and statement of changes in equity are set out respectively on pages 7 to 9.

Results and dividends

The result for the financial year 2017 is £nil (2016: £100,000,000). No dividend was paid in 2017 (2016: £100,000,000) to the sole shareholder, ING Bank N.V.

Future developments

For the foreseeable future, the company will continue to act as an investment holding company.

On 23 June 2016 the UK voted to leave the European Union (EU) and on 29 March 2017 the UK Government invoked Article 50, providing formal notification of the UK's desire to leave the EU. At the date of signing these accounts the directors do not foresee any immediate risks crystallising, however they acknowledge the uncertainty that now exists. The directors will continue to review the potential impacts.

Going concern

The directors have carried out an assessment of the funds required over the next twelve months and consider sufficient facilities have been committed to meet those requirements. Funds are available to the business through ING Lease (UK) Limited.

Principal risks and uncertainties

The company is exposed to a variety of financial risks and has various policies and procedures so as to mitigate or reduce these risks.

Credit risk

Credit risk is the risk that the company's debtors will cause a financial loss by failing to discharge an obligation. This risk is mitigated as the debtor balances are with group companies.

Market risk

Market risk is the risk that the value of the company's investments may change due to changes in interest rates, economic or market conditions. The company manages this risk through the ING Groep N.V. market risk management framework.

Operational risk

Operational risk is the risk of direct or indirect loss returning from inadequate or failed internal processes, people and systems or from external events. The company manages this risk through the ING Groep N.V. non-financial risk management framework.

Approved by the Board of directors on 20 September 2018 and signed on behalf of the Board.

SP Berg
Director

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2017.

Directors and their interests

The directors who held office in the year were as follows:

SP Berg
F Norwood

The directors who held office at the end of the financial year did not have any disclosable interest in the shares of the Company.

According to the register of directors' interests, no rights to subscribe for shares in the Company or any other UK group company were granted to the directors or their immediate families during the financial year.

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. ING Bank N.V., London branch provided qualifying third party indemnity provisions to the directors of the company during the financial year and at the date of this report.

Registered office

8-10 Moorgate
London
EC2R 6DA
United Kingdom

Post balance sheet events

The directors are not aware of any events subsequent to the year end that would affect the financial statements.

Disclosure of items within the strategic report

The directors have included statements relating to the principal activities of the company, business review and future developments, going concern, the principal risks and uncertainties facing the company, and risk management in the Strategic Report.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £nil (2016: £nil).

Disclosure of information to auditors

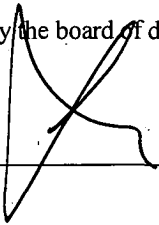
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report (continued)

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP (15 Canada Square, Canary Wharf, London, E14 5GL) will therefore continue in office.

Approved by the board of directors on 20 September 2018 and signed on behalf of the Board.



SP Berg
Director

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent ;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of ING Lease Holdings (UK) Limited

Opinion

We have audited the financial statements of ING Lease Holdings (UK) Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Statement, the Balance Sheet and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent auditor's report to the members of ING Lease Holdings (UK) Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Nicholas Edmonds (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

25 September 2018

Profit and Loss

for the year ended 31 December 2017

	Note	2017	2016
		£	£
Interest receivable from group undertakings		-	-
Dividends received from group undertakings		-	100,000,000
Administrative expenses		-	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	100,000,000
Tax charge on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit for the year		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 15 form part of these financial statements.

There are no recognised gains or losses other than the result for the year and as such no separate statement of comprehensive income is required.

Balance Sheet

at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments in subsidiaries	6	5,200,001	5,200,001
Current assets			
Trade and other receivables: amounts receivable within one year from group undertakings	7	6,314,169	6,314,169
		<u>6,314,169</u>	<u>6,314,169</u>
Financial liabilities: amounts falling due within one year			
Amounts owed to group undertakings	8	(3,800,000)	(3,800,000)
		<u>2,514,169</u>	<u>2,514,169</u>
Net current assets			
		<u>7,714,170</u>	<u>7,714,170</u>
Net assets			
Capital and reserves			
Called up share capital	9	1	1
Retained earnings		7,714,169	7,714,169
		<u>7,714,170</u>	<u>7,714,170</u>
Shareholders' funds			
		<u>7,714,170</u>	<u>7,714,170</u>

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved and authorised by the board of directors on 20 September 2018 and were signed on its behalf by:


SP Berg
Director

Company registered no. 2453767

Statement of changes in equity

For the year ended 31 December 2017

	Share capital	Retained earnings	Total shareholders' funds
	£	£	£
At 1 January 2016	1	7,714,169	7,714,170
Profit for the year	-	100,000,000	100,000,000
Dividends paid	-	(100,000,000)	(100,000,000)
At 31 December 2016	<u>1</u>	<u>7,714,169</u>	<u>7,714,170</u>
Profit for the year	-	-	-
Dividends paid	-	-	-
At 31 December 2017	<u>1</u>	<u>7,714,169</u>	<u>7,714,170</u>

The notes on pages 10 to 15 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The ultimate parent company financial statements of ING Groep NV for the year ended 31 December 2017 were authorised for issue by the board of directors on 13 March 2018. ING Groep NV is a public limited company incorporated and domiciled in The Netherlands. ING Groep NV's ordinary shares are traded on the London, Amsterdam and New York Stock Exchanges.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of ING Groep NV.

The accounting policies that follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair value measurement;
- (c) the requirement of IAS 7 Statement of Cash Flows;
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
- (e) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Investments in subsidiaries

Investments in subsidiaries are stated in the balance sheet of the Company at cost less amounts written off.

At each reporting date, an assessment is made as to whether there is any indication that the investment may be impaired. If such an indication exists, the Company estimates the investment's recoverable amount. The investment is written down to the recoverable amount if this is lower than its carrying value. The impairment loss is recognised in the Company's profit and loss.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial assets

i) Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount, and are subsequently carried at amortised cost, using the effective interest method, less provisions made for doubtful receivables. Provisions are made specifically where there is evidence of a risk of non payment, taking into account ageing, previous losses experienced and general economic conditions.

Financial liabilities

i) Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

2 Auditor's remuneration

Fees payable for the audit for the year were £3,500 (2016: £3,500). These fees were paid by ING Bank N.V., London branch.

Notes to the financial statements (continued)

3 Directors' remuneration

The Directors received no emoluments in respect of their services to the Company (2016: nil).

4 Staff numbers and costs

No persons were employed by the company during the year (2016: Nil).

5 Taxation

There is no tax charge for either the current or prior year as explained below.

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below.

	2017 £	2016 £
Tax reconciliation		
Profit on ordinary activities before tax	-	100,000,000
Tax at 19.25% (2016: 20.00%)	-	20,000,000
Effects of		
Non-taxable dividend income	-	(20,000,000)
Tax charge on profit on ordinary activities	-	-

Notes to the financial statements (continued)

6 Fixed Asset Investments

At the beginning of the year	5,200,001
Movement during the year	-
At the end of the year	<u>5,200,001</u>

Subsidiary undertaking	Principal activity	Year end	Proportion of voting rights and shares held
ING Car (Four) Holdings Limited	Dormant	December *	100%
ING Lease (UK) Limited	Leasing	December *	100%
ING Lease (UK) Three Limited	Dormant	December	100%
ING Car (Three) Limited	Dormant	December	100%
ING Lease (UK) Twelve Limited	Dormant	December	100%

* Subsidiaries held directly by the Company. The Company owns 100% of the £1 ordinary shares of both companies.

All are registered in England and Wales. In the opinion of the directors, the investments in the Company's subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet.

7 Trade and other receivables

	2017 £	2016 £
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	<u>6,314,169</u>	<u>6,314,169</u>

Amounts owed by group undertakings relate to ING Lease (UK) Limited.

8 Financial liabilities

	2017 £	2016 £
<i>Amounts falling due within one year</i>		
Amounts due to group undertakings	<u>(3,800,000)</u>	<u>(3,800,000)</u>

Amounts due to group undertakings relate to ING Car (Four) Holdings Limited.

Notes to the financial statements (continued)

9 Called up share capital

	2017 £	2016 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

10 Dividend paid

	2017 £	2016 £
Ordinary dividend paid	<u>-</u>	<u>100,000,000</u>

On 20 December 2016, the directors proposed and paid a dividend of £100,000,000 to the sole shareholder, ING Bank N.V.

11 Contingent Liabilities

In 2006 the Company acquired Appleyard Vehicle Contracts Limited ("Appleyard"), a company involved in car leasing. The business of Appleyard was transferred to the Company's existing car leasing subsidiary, ING Car Lease UK Limited ("Car Lease"). At the time of the acquisition of Appleyard, that company was seeking recovery of substantial amounts paid to HMRC in respect of VAT. The Company agreed to continue the recovery process on behalf of the vendors of Appleyard.

In 2011, Car Lease recovered from HMRC £8.7million including interest and net of expenses. HMRC asserted that this was all taxable and Car Lease accrued for the full amount of tax. Prior to the sale of Car Lease in 2011, Car Lease paid a dividend of £6.5million to the Company so that the Company could pay this net of tax amount due to the vendors, which compensated the Company for the associated cost which was included in 'Administrative expenses' in 2011.

However, one of the vendors of Appleyard has argued that part of the VAT recovery was not taxable and this vendor was seeking gross payment. A settlement of £450,000 was agreed and paid during 2012. The Company issued a claim against the company that provided legal advice on this matter and an amount of £112,500 was recovered in 2012.

In addition to this claim, the vendor has further argued that the interest recovered from HMRC was calculated on a low rate simple interest basis and not at a commercial compound rate. A case was referred to the European Court of Justice regarding the payment of compound interest for UK companies by the UK Government and this was referred back to the High Court in England who decided in favour of the company involved. HMRC then appealed to the Court of Appeal which again decided in favour of the taxpayer.

This litigation was finally decided at the end of 2017 when the Supreme Court found in favour of HMRC, thereby removing the potential for HMRC being required to pay compound interest on VAT refunds. This position was subsequently confirmed by HMRC in its Revenue and Customs Brief 5 (2017) which established that claims for compound interest on refunds from HMRC will not be paid.

In light of this, the vendor agreed that there was no prospect of recovering any additional interest from HMRC in respect of the matter and, in April 2018, confirmed that the final outstanding matter from the 2012 settlement agreement was concluded. As a result, this contingent liability no longer exists.

Notes to the financial statements (continued)

12 Related party transactions

The company is controlled by ING Bank N.V. and the ultimate controlling company is ING Groep NV.

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

13 Post balance sheet events

There were no post balance sheet events between 31 December 2017 and the signing date for the approval of the financial statements.

14 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

The company's results are consolidated in its ultimate parent company, ING Groep NV, which is incorporated in The Netherlands. The consolidated financial statements of this company are available to the public and may be obtained from Haaksbergweg 4, 1101 BX Amsterdam Zuidoost, Amsterdam, The Netherlands.