

**HERRADURA LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

**Year ended 31 December 2016**



Company Registered No. 2703869

## **HERRADURA LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. As a small company, the Company is exempt from the requirement to prepare a Strategic Report.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company's principal activity was that of a deposit holding subsidiary in the Commerzbank AG Group.

During August 2016 excess cash held was no longer placed on deposit and the directors decided to pay an interim dividend to fully clear distributable reserves. Following the payment of the interim dividend on 1 November 2016 the Company was left with net assets of £1, representing an intercompany balance held with its immediate parent undertaking, Commerzbank Holdings (UK) Limited, and became dormant.

The directors do not expect the Company to enter into any new transactions in the foreseeable future.

### **RESULTS AND DIVIDENDS**

The results of the Company for the year are set out in detail on page 5. The profit for the financial year was £27 (2015: £34). The directors declared an interim dividend of £4,814 (2015: £nil) on 1 November 2016 but do not recommend the payment of a final dividend (2015: £nil).

### **DIRECTORS**

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

N G Aiken  
P R Burrows  
A D Levy  
J C Wall

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

### **PRINCIPAL RISKS AND UNCERTAINTIES**

From the perspective of the Company, aside from the risks described in notes 7 and 8, the principal risks and uncertainties are integrated with the risks of the Commerzbank AG group and are not managed or disclosed separately. These risks are set out in the financial statements of Commerzbank AG.

### **DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS**

The directors in 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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **HERRADURA LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 2, the directors have plans to liquidate the Company within 12 months of signing these financial statements. Accordingly, the financial statements have been prepared on a basis other than 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will be re-appointed in accordance with Section 487 of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board



J.C. Wall  
Secretary  
Herradura Limited  
Company Registered No. 2703869

6 July 2017

# **HERRADURA LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERRADURA LIMITED**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Herradura Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Report and Financial Statements (the 'Annual Report'), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Emphasis of matter - basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. Following the decision by the directors to pay an interim dividend to fully clear distributable reserves, the directors intend to liquidate the Company in the near future. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### **Opinions on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

## **HERRADURA LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERRADURA LIMITED (continued)**

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Other matters on which we are required to report by exception (continued)**

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements 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) ('ISAs (UK and Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



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

6 July 2017

**HERRADURA LIMITED****STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
Interest receivable from Commerzbank AG London Branch		27	34
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<u>27</u>	<u>34</u>
Tax on profit on ordinary activities	4	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>27</u>	<u>34</u>
Other comprehensive income after tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>27</u>	<u>34</u>

All amounts stated above derive from discontinued activities.

The accounting policies and notes on pages 8 to 10 form an integral part of these financial statements.

# **HERRADURA LIMITED**

## **STATEMENT OF FINANCIAL POSITION** **As at 31 December 2016**

	<b>Note</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	5	1	4,788
		<hr/>	<hr/>
<b>NET ASSETS</b>		1	4,788
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	1	1
Retained earnings		-	4,787
		<hr/>	<hr/>
<b>TOTAL SHAREHOLDER'S FUNDS</b>		1	4,788
		<hr/>	<hr/>

The accounting policies and notes on pages 8 to 10 form an integral part of these financial statements.

These financial statements on pages 5 to 10 were approved by the Board of Directors and signed on its behalf by:



A D Levy  
Director

6 July 2017

# **HERRADURA LIMITED**

## **STATEMENT OF CHANGES IN EQUITY** **For the year ended 31 December 2016**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total shareholder's funds £</b>
<b>Balance as at 1 January 2015</b>	1	4,753	4,754
Total comprehensive income for the year	-	34	34
<b>Balance as at 31 December 2015</b>	1	4,787	4,788
Total comprehensive income for the year	-	27	27
Interim dividends paid	-	(4,814)	(4,814)
<b>Balance as at 31 December 2016</b>	1	-	1

The accounting policies and notes on pages 8 to 10 form an integral part of these financial statements.



# **HERRADURA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

### **1. GENERAL INFORMATION**

The Company is a deposit holding subsidiary in the Commerzbank AG Group.

The Company is a private company and is domiciled in the UK and incorporated in England and Wales. The Company's Registered Office is situated at 30 Gresham Street, London, EC2P 2XY.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The directors are of the opinion that there are no accounting policies that are deemed critical to the Company's results and financial position.

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

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

Following the payment of an interim dividend on 1 November 2016, the Company became dormant, with net assets of £1. The directors plan to liquidate the Company in the near future. Accordingly, the financial statements have been prepared on a basis other than going concern, although no adjustments were considered necessary to the carrying value of the remaining assets and liabilities.

#### **Changes in accounting policy and disclosures**

a) New and amended standards adopted - there were no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning on or after 1 January 2016 that would be expected to have a material impact on the Company.

b) There are no new standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and not early adopted that will have any impact on the Company.

#### **Interest receivable**

Deposit interest receivable is accounted for on an accruals basis.

#### **Taxation**

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

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

## HERRADURA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2016

#### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

All administrative expenses, including auditors' remuneration for services to the Company, were borne by Commerzbank AG London Branch. The Company had no employees during the year (2015: None). None of the directors received any emoluments in respect of their services to the Company (2015: £nil). The audit fee applicable in respect of this Company's financial statements was £5,625 (2015: £6,125), with no further services provided to the Company by the Company's auditor.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES	2016	2015
a) Analysis of tax charge for the year	£	£
Current tax (note 4b)	-	-
b) Factors affecting the tax charge for the year:		
The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:		
Profit on ordinary activities before taxation	27	34
Standard rate tax charge in the UK of 20% (2015: 20.25%)	(5)	(7)
Effect of:		
Group relief claimed free of charge	5	7
Tax charge for the year (note 4a)	-	-

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2016	2015
	£	£
Amounts due from Commerzbank Holdings (UK) Limited	1	-
Amounts due from Commerzbank AG London Branch	-	4,788
	1	4,788

The amounts due from Commerzbank AG London Branch represented funds placed on deposit, with the interest rate reset every 3 months. As this made the interest returns into a variable rate return the directors believed that the fair value of this asset was materially the same as the book value.

6. CALLED UP SHARE CAPITAL	2016	2015
	£	£
Authorised:		
25,000 ordinary shares of £1 each	25,000	25,000
3,000 preference shares of Euro 10,000 each	21,137,925	21,137,925
Allotted, called up and fully paid:		
1 ordinary shares of £1 each	1	1

#### 7. FINANCIAL RISK MANAGEMENT

The financial risks of the Company and how they are managed are set out below:

##### Market risk

The only relevant market risk that the Company needed to consider prior to August 2016 was interest rate risk. As the Company does not have any financial liabilities, the only interest rate risk applicable to the Company is the risk to earnings and capital that arises from the variable rate characteristics of the Company's deposits. If during the year the interest rate on the Company's deposits had been 0.5% higher/lower, the post tax profit would have been £15 (2015: £24) higher/lower than the amounts reported.

## **HERRADURA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2016**

#### **7. FINANCIAL RISK MANAGEMENT (continued)**

##### **Credit risk**

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of counterparties to meet their financial obligations to the Company as and when they fall due. The only remaining credit risk relates to the balances held with group undertakings, which is not past due. The maximum credit risk as at 31 December 2016 was £1 (2015: £4,788).

The external credit rating of Commerzbank AG according to S&P is A- and therefore the directors do not believe that the Company is materially exposed to credit risk.

##### **Liquidity risk**

Liquidity risk is the risk that the ability to meet payment obligations cannot be ensured at all times. In economic terms, this is the risk resulting from the Company's exposure to an increase of liquidity premiums. As there are no financial liabilities or other commitments that are expected to lead to cash outflows, the Company is not exposed to liquidity risk.

#### **8. CAPITAL RISK MANAGEMENT**

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

During the year, the Company's approach to capital management changed following the decision made by the directors to liquidate the Company in the near future. Accordingly an interim dividend was paid to clear distributable reserves and to reduce the total capital of the Company to just £1. The Company is not regulated for capital requirements purposes.

#### **9. ULTIMATE PARENT UNDERTAKING**

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

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