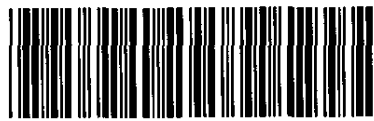


Subsidiary N 2719083

COMPANY REGISTRATION NUMBER 2864058

**LENLYN HOLDINGS LIMITED**  
**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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**LENLYN HOLDINGS LIMITED**  
**COMPANY INFORMATION**

**Director**

P R Ibbetson  
Z G Tejani  
F G Tejani  
N G Tejani  
H G Tejani  
Professor R Griggs

**Alternate director**

R Tejani  
R Z Tejani

A H Tejani

**COMPANY SECRETARY**

J M Vallance

**REGISTERED NUMBER**

2864058

**REGISTERED OFFICE**

19-21 Shaftesbury Avenue  
London  
W1D 7ED

**INDEPENDENT AUDITOR**

Mazars LLP  
Chartered Accountants  
Tower Bridge House  
St Katherine's Way

London  
E1W 1DD

**BANKERS**

Barclays Bank PLC  
Level 28  
1 Churchill Place  
Canary Wharf  
E14 5HP

**LENLYN HOLDINGS LIMITED**  
**COMPANY INFORMATION**

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The Directors present their report and audited consolidated financial statements of Lenlyn Holdings Limited ("Group").

## BUSINESS REVIEW

The historic activities of the Group and its subsidiaries have been conducted through three divisions:

- Retail and wholesale bureaux de change and other related activities in UK, Europe, North America and the Pacific region.
- Banking and financial services through Raphaels Bank, and
- Payment card technologies business.

The shareholders aim to maximise wealth throughout the Group and are now seeking to realise their investment through the sale of all subsidiaries and progress at the balance sheet date was as follows:

### R Raphael & Sons PLC

On 7 March 2014, the Group Board resolved to dispose of R Raphael & Sons PLC ("the Bank"), a 100% banking subsidiary of the Group, incorporated in the UK.

In the prior year, the sale was expected to be highly probable within twelve months of the balance sheet date. Hence, in accordance with IFRS 5, the Group's 100% interest in the Bank was presented separately as non-current assets held for sale in the Group's statement of financial position as at 28 February 2017. The Group's share of income/(loss) from the Bank was included in discontinued operations and was disclosed under separate line item in the consolidated income statement for the year ended 28 February 2017.

As at the 28 February 2018, the circumstances around the Bank's sale had changed. The Lending hire purchase and the ATM business lines continue to be presented as non-current assets held for sale, as the sale of these units is deemed highly probable within 12 months of the balance sheet date. The residual units of the Bank consist of Payment Services, Customer Lending and Central divisions. The likelihood of sale within 12 months is no longer highly probable. Accordingly, these residual units no longer meet the criteria for classification as non-current assets held for sale and therefore have been consolidated on a line-by-line basis in the Group's statement of financial position as at 28 February 2018.

The Payment Services division of the Bank is now being wound down over the next two years. This business line along with the Lending hire purchase and the ATM business remain classified as discontinued operations. The Group's share of income/(loss) from these units is included in discontinued operations and is disclosed under a separate line item in the consolidated income statement.

The Customer Lending and Central units are no longer classified as discontinuing operations and the Group's share of income/(loss) from these units are included in continuing operations in the consolidated income statement. The prior year has been restated to reflect the change of status of these business lines from discontinuing to continuing operations. Details of the impact of this restatement are shown in note 24.

Since 28 February 2018, the Bank's Board has taken a decision to cease writing new motor loans, with the various stakeholders including staff and brokers informed of this decision in May 2018. Subsequently, on the 6 July 2018 the Bank has completed an agreement to sell the outstanding motor loan receivables. The fair value of the loan balances has been compared to the carrying value and this has led to write down to recoverable value at the February 2018 year-end of £2.6m.

### ICE Currency business

On 7 March 2014, the Group Board resolved to dispose of International Currency Exchange (ICE) brand, business and related subsidiaries.

The company entered into an agreement to sell International Currency Exchange Limited, Lenlyn UK Limited, Exchange Corporation Europe Limited, Hoopoe Investments Limited and related subsidiaries to the HNA Group as part of the purchase of the International Currency Exchange (ICE) brand, business and related subsidiaries. ICE will become part of HNA Tourism Division. Completion of the transaction is currently pending subject to regulatory approvals. The board has taken the necessary actions to respond to these conditions.

Hence, in accordance with IFRS 5, the Group's 100% interest in International Currency Exchange Limited and Lenlyn UK Limited is presented separately as non-current assets held for sale in the Group's statement of financial position as at 28 February 2018. Group's share of income/(loss) from these entities is included in discontinued operations and is disclosed under separate line item in the consolidated income statement.

### Payment Card Technologies

In June 2016, following a short period of negotiation, the payment card technologies business was sold, this sale is recorded in the prior year comparative results.

## FINANCIAL KEY PERFORMANCE INDICATORS

The key financial performance indicators are summarised below:

	2018	2017 - restated
(Loss)/profit for the financial year (£000's)	(5,169)	27,613
Liquidity Coverage Ratio (R. Raphael and Sons PLC)	302%	268%

### (Loss)/Profit for the financial year

Profit for the financial year is viewed by the Board as a key benchmark for overall operational performance. This is including profit from discontinued operations. The fall year-on-year is principally due to activities in Raphaels Bank, principally:

- One off gain of £24.7m earned in the prior year due to the sale of the Group's interest in Visa Inc. realised in the Bank.
- Lower operating profitability due to a combination of increased operating costs, higher credit impairment charges including the additional write down on valuing the loan book at recoverable amount, and the lower profitability of the Payment Services business as the exit from this business commenced.

### Liquidity Coverage Ratio

This KPI is specific to R. Raphael and Sons plc and defined as Total high quality liquid assets divided by net outflows projected over the next 30 days, calculated in accordance with the Capital Requirement Directive (CRD).

The Board acknowledges the need to hold sufficient liquidity to meet its obligations. The LCR has been introduced by Regulators in the CRD, with a minimum level applicable to all banks of 100%. The nature of the Bank's business model, in particular the Payment Services division, where cardholder liabilities are principally held in short-term Instruments leads to a high ratio.

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to which the Group is exposed relate to the continuing activities of the Group, which primarily relate to parts of the Bank's business as well as the operational risk of delivering the respective disposals and wind-downs of the discontinued activities.

### Disposal execution risk

The risk that the delivery of the complex disposals and wind-downs of the various business lines of the Group is not managed in an orderly manner creating disruption to operational activities and additional financial risk to the Group. This risk is managed through detailed project management by the respective business lines, utilising external professional advice where appropriate. The process is overseen by the Lenlyn Holdings Limited Board, which meets on a monthly basis.

### Credit risk

The risk that a loss will be incurred if a customer or counterparty fails to meet its obligations. Credit risk during the year arose principally in three areas of Raphaels Bank:

- Within the Bank's Lending division through the provision of hire purchase facilities and loans originated through partner relationships;
- Through the Payment Services division's investment of cardholder balances with counterparty banks and in short-term government or quasi-governmental securities;
- Finally in respect of amounts due to the Bank in the settlement of ATM disbursements.

The Lending division includes hire purchase facilities where the underlying assets serve as collateral and risk mitigant against the loan exposures. As noted above, since the year-end, the Bank has signed an agreement to sell this portfolio. Therefore the credit risk on these individual loans has been mitigated by the agreed recoverable price on sale. In the case of Lending division partner relationships, an important mitigant of the credit risk is the fact that the Bank has an arrangement whereby the partner will buy back outstanding balances of a certain delinquency (as defined in each contract). This has the effect of transferring the credit risk associated with individual advances to the relevant partner but it does in turn create credit risk for the Bank on that partner. In this context it is important to note that in the event of a failure of a partner, the Bank has contingency plans in place under which it would take over administration of the loans. The underlying loan documentation provides for the Bank to have direct right of recourse to each borrower and all cash flows associated with individual loans are routed through and under the control of the Bank.

Institutions and all Sovereigns must have a short term prime rating from one or more of the rating agencies. Limits are placed on the amount of risk accepted in relation to one counterparty or group of counterparties. The ALCO reviews counterparty limits quarterly and recommends changes to such limits as necessary based on ratings assigned by the major Credit Rating Agencies and any other market intelligence available. Other unrated counterparties may be added if specific approval is granted by the ALCO. No transactions can be undertaken with counterparties which do not have a pre-approved limit. The maximum exposure to any individual counterparty or connected group of counterparties is limited to the Bank's total regulatory capital.

#### **Operational risk**

The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events arising from day-to-day operating activities. The Group seeks to mitigate this risk through a variety of measures including maintaining up-to-date policies and procedures for all key internal processes, ensuring its staff receive ongoing training, investing in appropriate systems, having documented and tested business continuity plans and, wherever possible, ensuring that it has a diversified spread of counterparties, business partners and suppliers.

A key aspect of operational risk is the Bank's use of outsource service providers. Each of the Bank's operating divisions and support functions have processes and procedures by which they monitor and review outsourced third parties' activity and performance. The adequacy of these processes and procedures is regularly reviewed by the Bank's compliance, risk and internal audit functions. In the prior year, the Bank undertook a project to review, refine and improve the governance and operational processes surrounding these outsourced relationships. The first and second line of defence have been strengthened through this project. The EXCO is the Bank's principal forum for monitoring operational risk, which it does through a variety of means including the use of risk registers, operational loss databases, control self-assessments as well as regular reviews of operational divisions and functional areas by compliance and internal audit.

#### **Conduct risk**

The Group defines conduct risk as the risk that through action or inaction by the Bank, or by its employees or suppliers: one or more of its products and/or services fails to deliver consistently good outcomes for its customers; or it breaches a regulatory rule or guideline, impacts market integrity or competition; or it breaches a law. Within Raphaels Bank, the conduct risk governance framework mirrors other aspects of the Bank's ERMF and is actively managed at all levels within the Bank through training, the establishment of risk appetite and tolerances and the use of appropriate Key Risk Indicators and other management information.

#### **Liquidity risk**

The risk that the Group either does not have available cash or cannot obtain sufficient financial resources to enable it to meet its obligations as they fall due, or only secure such resources at an excessive cost. Within Raphaels Bank the policy is to maintain liquid assets at all times which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due both in business-as-usual and stressed scenarios. The liquidity policy details liquidity risk limits set by the Board and day-to-day responsibility for ensuring these are adhered to rests with the ALCO. The Bank completes an Individual Liquidity Adequacy Assessment Process ('ILAAP') at least annually to assess its compliance with the liquidity systems and controls requirements as detailed in the PRA Rulebook.

#### **Interest rate risk**

The risk of reductions in income for Raphaels Bank arising from unfavourable movements in interest rates and/or reductions in the fair value of financial instruments. This risk is managed within approved limits set by the Board and is monitored by the ALCO. *Details of the Bank's interest rate sensitivity are set out in Note 21 of these financial statements.*

#### **Foreign exchange risk**

The risk of loss arising from unfavourable movements in currency exchange rates. For Raphaels Bank, these risks are managed within approved limits set by the Board and are monitored by the ALCO. Traditionally the principal area of the Bank's business where foreign exchange risk arises is within the ATM division, where Euro and US Dollar notes are held in ATMs prior to them being dispensed. Additionally the Bank is exposed to foreign exchange risk when ATM transactions are settled in a differing currency to the original transaction. In its fiscal year.

Other foreign exchange risks across the group arise in the International Currency Exchange foreign currency group, which is now held for disposal. The Group needs to hold sufficient levels of foreign currency to operate its retail business globally. The Group seeks to manage foreign currency risk by closely monitoring foreign currency levels and ensuring that there is sufficient currency available to meet short term retail trading needs.

Details of the Group's net foreign currency assets and liabilities are set out in Note 21 of these financial statements.

#### **Regulatory risk**

The risk that the Group does not adhere to the changing regulatory environment in which it operates thereby threatening the achievement of the firm's goals and objectives, possibly damaging its reputation and giving rise to it being censured or fined by a regulator. Raphaels Bank seeks to mitigate such risks by ensuring there is a suitable level of expertise within each of its operating divisions, which is then supported by a strong central compliance team, and the use of risk-based compliance monitoring plans to monitor and ensure the Bank's ongoing adherence to relevant laws and regulations. At least annually, internal audit also undertakes a review of the Bank's overall management of regulatory risk.

#### **Principal uncertainties**

As detailed earlier in this Report, the Group has implemented various strategic decisions, which would result in the sale or contraction of the Bank's products and businesses. The final amounts to be received from any and all asset sales, the timing of those asset sales, the final timing of the exit from Payment Services, are still subject to significant uncertainty.

The regulatory environment within the UK and the EU remains challenging, with regulators' interpretations of statute varying between countries and a culture of interventionist regulatory activity. It is Raphaels Bank's intention to maintain in place a framework, which will ensure compliance with all relevant laws and regulations as we progress through asset sales and exiting business divisions, which will involve consideration of new regulations affecting the Bank's business.

The level of UK interest rates has a mixed impact on the Group's business. Overall, the Directors consider that the Bank is well positioned to deal with any sudden interest rate movements.

#### **Risk Management Objectives and Policies**

The Group recognises that risk management is fundamental to the Group's business and planning process and seeks to embed a culture of risk management across its operations. This is articulated in the Group Risk Management Policy.

Responsibility for risk management resides at all levels within, and across all functions of the Group with specific roles undertaken within an overall framework and strategy set by the board.

The interlinked Risk Appetite, capital plan and strategy are embedded in the business through:

- the statement of Risk Appetite;
- the risk governance framework;
- identification and quantification of key risks; and
- risk policies.

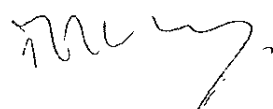
These, in turn, provide the structure through which the specific risks inherent in the Group's operations are managed. Risks are considered by management on an ongoing basis recognising that their materiality and nature will change over time. Ultimate responsibility for the assessment and management of risk lies with the directors but on a day-to-day basis this may be devolved to senior management. The Group and its Bank subsidiary comply with the Capital Requirements Directive IV which require the Group and our banking subsidiary to assess the adequacy of its capital against the risks it faces through an Internal Capital Adequacy Assessment Process (ICAAP).

#### **Expected impact of Brexit**

On 23 June 2016 the UK voted to exit the European Union. With negotiations ongoing between the UK and EU, it is premature to determine the full impact of the Brexit vote at this stage.

The greater volatility in the currency markets of Sterling after the vote increases the foreign currency risk experienced by the Group. Details of how this risk is managed is disclosed in note 21. Whilst the Group has yet to see any significant issues around staff retention and recruitment driven by the Brexit vote, the Group continue to monitor the situation as rules over employment rights of overseas workers are clarified.

This report was approved by the board and signed on its behalf on 28 November 2018.



**Peter Ibbetson, Director**

The Directors present their report and the financial statements for the year ended 28 February 2018.

## RESULTS AND DIVIDENDS

The loss for the year, after taxation including minority interests, amounted to £5,169,000 (2017: profit of £27,613,000).

The Directors declared an interim dividend of £600,000 (2017: £350,000) and do not recommend a final dividend (2017: £nil).

## DIRECTORS

The Directors who served during the year were:

Director	Alternate director
P R Ibbetson	
Z G Tejani	R Tejani
F G Tejani	R Z Tejani
N G Tejani	
H G Tejani	A H Tejani
Professor R Griggs	

2,287,200 shares each of the company are held by F G Tejani, N G Tejani, Z G Tejani and H G Tejani.

Any Director may appoint any other Director or any other person to act as his Alternate. An Alternate Director shall be entitled to receive notice of and attend meetings of the Directors and committees of Directors of which his appointer is a member and not able to attend. The Alternate Director shall be entitled to vote at such meetings and generally perform all the functions of his appointer as a Director in their absence.

On the resignation of the appointer, the Alternate Director shall cease to be an Alternate Director.

## GOING CONCERN

The Directors assess the Group's going concern for a period of at least 12 months from the date of the approval of financial statements and take into account the facts and circumstances during that period. In making this assessment the Directors considered:

- Financing to support the business, its corporate transactions and future trading;
- Whether sufficient financing and capital are in place to support the sale or orderly wind down of discontinued business lines;
- Whether post balance sheet trading is in line with expectations;
- If the group will be able to trade after the impact of a reasonable downside scenario on performance and covenants;
- Continued parental support from the shareholders
- Continued availability of financing facilities and trading lines;
- Compliance with the covenant requirements of financing and facilities agreements;
- The regulatory environment in which the group operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risk.

After making enquiries and considering a range of scenarios and actions, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. The assessment has been on the projected cash flows including liquidity improvements as a result of management's actions, and financing facilities. The Group has therefore prepared the financial statements on a going concern basis.

## FINANCIAL INSTRUMENTS

Information regarding financial risk management objectives and policies is set out within notes that accompany the financial statements.

## EMPLOYEES

The involvement of employees in the performance of the Group is encouraged through a variety of bonus schemes. The Group also systematically provides employees with information on matters of concern to them. Consultation with employees or their representatives occur on a regular basis to ensure that their views can be considered in making decisions which are likely to affect their interests.



#### DISABLED EMPLOYEES

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. The Group aims to continue to employ and to train employees who become disabled. The Group also provides a range of training, career development and promotion opportunities for both able-bodied and disabled employees.

#### QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

At the date of this report's approval, there is a qualifying third party indemnity provision in respect of Director and Officers insurance made by the Group in place for all the directors of the Group and the associated companies.

#### BRANCHES OUTSIDE THE UNITED KINGDOM

The Group operates branches through permanent establishments in the United States of America and the Republic of Ireland.

#### POST BALANCE SHEET EVENTS

Since 28 February 2018, the Board of R. Raphael & Sons PLC has taken a decision to cease writing new motor loans, with the various stakeholders including staff and brokers informed of this decision in May 2018. Subsequently, on the 6th July 2018 the Bank has completed an agreement to sell the outstanding motor loan receivables. The fair value of the loan balances has been compared to the carrying value and this has led to write down to recoverable value at the February 2018 year-end of £2.6m.

#### FUTURE DEVELOPMENTS

On 1 April 2016, the company entered into an agreement to sell International Currency Exchange Limited, Lenlyn UK Limited, Exchange Corporation Europe Limited, Hoopoe Investments Limited and related subsidiaries to the HNA Group as part of the purchase of the International Currency Exchange (ICE) brand, business and related subsidiaries. ICE will become part of HNA Tourism Division. The sale is expected to complete following the receipt of all regulatory approvals. The board has taken the necessary actions to respond to these conditions.

#### AUDITORS

Mazars LLP replaced KPMG LLP as auditors on 15 January 2018 and have indicated their willingness to continue as auditor of the company.

#### DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- that Directors have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

This report was approved by the board and signed on its behalf on 28 November 2018.



Peter Ibbetson, Director

**LENLYN HOLDINGS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**YEAR ENDED 28 FEBRUARY 2018**

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

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Opinion

We have audited the financial statements of Lenlyn Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2018 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 28 February 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

**LENLYN HOLDINGS LIMITED  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED 28 FEBRUARY 2018**

**Opinions on other matters 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

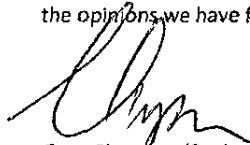
**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

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.



**Greg Simpson** (Senior Statutory Auditor) for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katherine's Way  
London  
E1W 1DD

Date:

*30 November 2018*

LENLYN HOLDINGS LIMITED  
CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME  
YEAR ENDED 28 FEBRUARY 2018

	Notes	Year ended 28 Feb 2018 £000's	Restated* Year ended 28 Feb 2017 £000's
<b>Continuing operations</b>			
Revenue	2	1,765	2,014
Administrative expenses		(10,892)	(8,074)
<b>Operating loss</b>	3	(9,127)	(6,060)
Gain on disposal of available for sale security		-	24,720
Gain on disposal of subsidiaries		-	736
Finance costs		(1)	(4)
Finance income		3	-
<b>(Loss)/profit before tax from continuing operations</b>		(9,125)	19,392
Income tax credit/(expense)	8	1,821	(3,988)
<b>(Loss)/profit for the year from continuing operations</b>		(7,304)	15,404
Profit after tax from discontinued operations	16	2,135	12,209
<b>(Loss)/profit for the year</b>		(5,169)	27,613
<b>(Loss)/profit for the year attributable to:</b>			
Non-controlling interest		(17)	1,149
Owners of the parents		(5,152)	26,464
		(5,169)	27,613

\*Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to note 21

The company has applied the Companies Act 2006 s408 exemption in relation to its own income statement.

LENLYN HOLDINGS LIMITED  
CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME  
YEAR ENDED 28 FEBRUARY 2018

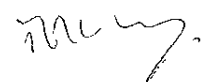
	Year ended 28 Feb 2018 £000's	Restated* Year ended 28 Feb 2017 £000's
<b>(Loss)/profit for the year</b>	<b>(5,169)</b>	<b>27,613</b>
<b>Other comprehensive income from discontinued operations:</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Net change in fair value for available for sale assets	2,017	4,617
Fair value gains reclassified to the income statement	-	(24,720)
Tax impact of net change in fair value for available for sale assets	(342)	3,952
Exchange differences on translating foreign assets	(1,761)	3,139
<b>Other comprehensive expense for the year, net of tax</b>	<b>(85)</b>	<b>(13,012)</b>
<b>Total comprehensive (expense)/income for the year</b>	<b>(5,255)</b>	<b>14,601</b>
<b>Total comprehensive (expense)/income for the year attributable to:</b>		
Non-controlling interest - from discontinuing operations	(40)	1,200
Owners of the parent:		
From continuing operations	(5,629)	(747)
From discontinuing operations	414	14,148
	<b>(5,255)</b>	<b>14,601</b>

\*Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to note 24

LENLYN HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
YEAR ENDED 28 FEBRUARY 2018

	Notes	At 28 Feb 2018 £000's	*restated At 28 Feb 2017 £000's	*restated At 1 Mar 2016 £000's
<b>Non-current assets</b>				
Goodwill		-	-	1,928
Intangible fixed assets	10	406	-	1,463
Property, plant and equipment	11	881	-	23
Investments account for using the equity method		-	-	5
Loans and advances to customers	12	17,726	-	0
Deferred tax assets		-	-	233
<b>Non-current assets</b>		<b>19,013</b>	<b>0</b>	<b>3,652</b>
<b>Current assets</b>				
Inventories		-	-	30
Trade and other receivables	13	3,563	2	2,272
Available for sale investments	14	56,342	-	-
Loans and advances to customers	12	15,878	-	-
Current tax assets		1,224	-	-
Cash at bank	15	222,391	12	111
<b>Current assets</b>		<b>299,398</b>	<b>14</b>	<b>2,413</b>
<b>Non-current assets classified as held for sale</b>	<b>16</b>	<b>168,452</b>	<b>501,881</b>	<b>436,019</b>
<b>Total assets</b>		<b>486,863</b>	<b>501,895</b>	<b>442,084</b>
<b>Current liabilities</b>				
Trade and other payables	17	(37,769)	(1,970)	(5,740)
Customer deposits	18	(49,415)	-	-
Other customer accounts	19	(171,523)	-	-
<b>Current liabilities</b>		<b>(258,707)</b>	<b>(1,970)</b>	<b>(5,740)</b>
<b>Non-current liabilities</b>				
Financial liabilities – loans and other borrowings		-	-	(1,800)
Customer deposits	18	(111,318)	-	-
Deferred tax liabilities	20	(1,782)	-	-
<b>Non-current liabilities</b>		<b>(113,100)</b>	<b>-</b>	<b>(1,800)</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>16</b>	<b>(34,252)</b>	<b>(413,157)</b>	<b>(362,681)</b>
<b>Total liabilities</b>		<b>(406,059)</b>	<b>(415,127)</b>	<b>(370,221)</b>
<b>Net assets</b>		<b>80,804</b>	<b>86,768</b>	<b>71,863</b>
<b>Equity</b>				
Share capital	22	11,436	11,436	11,436
Retained earnings	23	67,573	73,325	47,211
Currency translation reserve	23	(1,506)	232	(2,867)
Available for sale reserve	23	3,288	1,613	17,764
Other reserves	23	(552)	(552)	(510)
<b>Equity attributable to owners of the parent</b>		<b>80,239</b>	<b>86,054</b>	<b>73,034</b>
Non-controlling interest		565	714	(1,171)
<b>Total equity</b>		<b>80,804</b>	<b>86,768</b>	<b>71,863</b>

\*Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to note 24  
These financial statements were approved by the Board of Directors and authorised for issue on 28 November 2018.



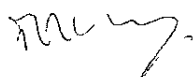
Peter Ibbetson, Director  
Company number 2864058

The accompanying accounting policies and notes (pg.19-62) form part of these financial statements

**LENLYN HOLDINGS LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2018**

	Notes	At 28 Feb 2018 £000's	At 28 Feb 2017 £000's
<b>Non-current assets</b>			
Investments	9	30,165	30,215
<b>Non-current assets</b>		<b>30,165</b>	<b>30,215</b>
<b>Current assets</b>			
Trade and other receivables	13	493	2
Cash at bank		14,056	12
<b>Current assets</b>		<b>14,549</b>	<b>14</b>
<b>Total assets</b>		<b>44,714</b>	<b>30,229</b>
<b>Current liabilities</b>			
Trade and other payables	17	(33,250)	(17,012)
<b>Current liabilities</b>		<b>(33,250)</b>	<b>(17,012)</b>
<b>Net current assets</b>		<b>(18,701)</b>	<b>(16,998)</b>
<b>Net assets</b>		<b>11,464</b>	<b>13,217</b>
<b>Equity</b>			
Share capital		11,436	11,436
Retained earnings		28	1,781
<b>Total equity</b>		<b>11,464</b>	<b>13,217</b>

These financial statements were approved by the Board of Directors and authorised for issue on 28 November 2018.



Peter Ibbetson, Director  
Company number 2864058



LENLYN HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 28 FEBRUARY 2018

	Share capital	Retained earnings	Currency translation reserve	Available for sale Reserve	Other reserves	Total attributable to owners of parent	Non-controlling interest	Total equity
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 March 2017 – As reported	11,436	73,862	361	1,613	(552)	86,720	714	87,434
Correction of prior period (note 24)	-	(537)	(129)	-	-	(666)	-	(666)
Balance at 1 March 2017 – restated*	11,436	73,325	232	1,613	(552)	86,054	714	86,768
Dividends	-	(600)	-	-	-	(600)	(109)	(709)
Transactions with owners	-	(600)	-	-	-	(600)	(109)	(709)
Loss for the year from continuing operations	-	(7,304)	-	-	-	(7,304)	-	(7,304)
Profit for the year from discontinuing operations	-	2,152	-	-	-	2,152	(17)	2,135
Other comprehensive income from continuing operations	-	-	-	1,675	-	1,675	-	1,675
Other comprehensive expense from discontinued operations	-	-	(1,738)	-	-	(1,738)	(23)	(1,761)
Total comprehensive income for the year	-	(5,152)	(1,738)	1,675	-	(5,215)	(40)	(5,255)
Balance at 28 February 2018	11,436	67,573	(1,506)	3,288	(552)	80,239	565	80,804
Balance at 1 March 2016 – As reported	11,436	47,655	(2,856)	17,764	(510)	73,489	(1,171)	72,318
Correction of prior period (note 24)	-	(444)	(11)	-	-	(455)	-	(455)
Balance at 1 March 2016 – restated*	11,436	47,211	(2,867)	17,764	(510)	73,034	(1,171)	71,863
Dividends	-	(350)	-	-	-	(350)	(441)	(791)
Transactions with owners	-	(350)	-	-	-	(350)	(441)	(791)
Profit for the year from continuing operations	-	15,404	-	-	-	15,404	-	15,404
Profit for the year from discontinuing operations	-	11,060	-	-	-	11,060	1,149	12,209
Other comprehensive expense from continuing operations	-	-	-	(16,151)	-	(16,151)	-	(16,151)
Other comprehensive income from discontinued operations	-	-	3,100	-	-	3,100	51	3,151
Total comprehensive income for the year	-	26,464	3,100	(16,151)	-	13,413	1,200	14,612
Disposal of subsidiaries	-	-	-	-	(42)	(42)	1,126	1,084
Balance at 29 February 2017 –restated*	11,436	73,325	232	1,613	(552)	86,054	714	86,768

\*Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to note 24

LENLYN HOLDINGS LIMITED  
COMPANY STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 28 FEBRUARY 2018

	Share capital £000's	Retained earnings £000's	Total equity £000's
<b>Balance at 1 March 2017</b>	<b>11,436</b>	<b>1,781</b>	<b>13,217</b>
Dividends	-	(600)	(600)
Transactions with owners	-	(600)	(600)
Loss for the year	-	(1,153)	(1,153)
Total comprehensive income for the year	-	(1,153)	(1,153)
<b>Balance at 28 February 2018</b>	<b>11,436</b>	<b>28</b>	<b>11,464</b>
<b>Balance at 1 March 2016</b>	<b>11,436</b>	<b>3,299</b>	<b>14,735</b>
Dividends	-	(350)	(350)
Transactions with owners	-	(350)	(350)
Loss for the year	-	(1,168)	(1,168)
Total comprehensive income for the year	-	(1,168)	(1,168)
<b>Balance at 28 February 2017</b>	<b>11,436</b>	<b>1,781</b>	<b>13,217</b>

The accompanying accounting policies and notes (pg.19-62) form part of these financial statements

LENLYN HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED 28 FEBRUARY 2018

	Notes	Year ended 28-Feb-18 £000's	Restated Year ended 28-Feb-17 £000's
<b>Operating activities</b>			
(Loss)/profit before tax from continuing operations		(9,125)	19,392
Profit from discontinuing operations	16	2,135	12,209
Non-cash/non-operating cash flow adjustments	28	(1)	733
Net changes in working capital	28	15,747	(4,489)
Income tax paid		(953)	-
Amortisation of intangible assets		67	-
Depreciation of property, plant and equipment		120	-
Credit impairment charges and write down		5,388	-
Fair value loss/(gain) on derivative instruments		288	-
Unrealised foreign exchange gains		(277)	-
Net increase in income earning assets		(7,641)	-
Net cash (used in)/from discontinued operations – operating activities	16	5,572	61,887
<b>Net cash generated from/(used in) operating activities</b>		<b>11,320</b>	<b>89,732</b>
<b>Investing activities</b>			
Interest received		2	-
Purchase of intangible fixed assets		(48)	-
Purchase of tangible fixed assets		(32)	-
Proceeds from the sale of property, plant and equipment		1	-
Net cash (used in)/from discontinued operations – investing activities	16	(3,412)	(2,427)
<b>Net cash generated (used in) investing activities</b>		<b>(3,489)</b>	<b>(2,427)</b>
<b>Financing activities</b>			
Dividends paid		(600)	(350)
Interest paid		(1)	(3)
Increase in funding and other liabilities		26,815	-
Net cash (used in) discontinued operations – financing activities	16	(52,265)	(5,809)
<b>Net cash (used in) financing activities</b>		<b>(26,051)</b>	<b>(6,162)</b>
Fair value gain/(loss) included in cash equivalents		27	-
<b>Net change in cash and cash equivalents</b>		<b>(18,193)</b>	<b>81,143</b>
Cash and cash equivalents at the beginning of the year		271,370	189,835
Short term debt securities reclassified as cash*		61,160	-
Exchange differences on cash and cash equivalents		(3,210)	392
<b>Total continuing and discontinuing cash</b>		<b>311,127</b>	<b>271,370</b>
Cash and cash equivalents included in disposal group		(43,791)	(271,358)
<b>Cash and cash equivalents at the end of the year</b>	15	<b>267,336</b>	<b>12</b>

\*Short term debt deposits reclassified as cash as a result of certain business lines of the Bank being reclassified from non-current assets held for sale to being consolidated on a line by line basis for the year ended 28 February 2018.

The prior cash flow has been restated to reflect the restatement of profit/(loss) from continuing and discontinuing operations as detailed in note 24. Other individual lines in the cash flow have not been restated.

LENLYN HOLDINGS LIMITED  
COMPANY STATEMENT OF CASH FLOWS  
YEAR ENDED 28 FEBRUARY 2018

	Notes	Year ended 28 Feb 2018	Year ended 28 Feb 2017
		£000's	£000's
<b>Operating activities</b>			
Loss before tax from continuing operations		(1,506)	(934)
Net changes in working capital	28	15,747	(4,493)
Non-cash/non-operating cash flow adjustments	28	48	3
Income tax credit		353	-
<b>Total cash flows from operating activities</b>		<b>14,642</b>	<b>(5,424)</b>
<b>Investing activities</b>			
Proceeds from subsidiary undertakings		-	5,738
Interest received		3	-
<b>Net cash generated from investing activities</b>		<b>3</b>	<b>5,738</b>
<b>Financing activities</b>			
Dividends paid		(600)	(350)
Interest paid		(1)	(3)
<b>Net cash (used in) financing activities</b>		<b>(601)</b>	<b>(353)</b>
<b>Net change in cash and cash equivalents</b>		<b>14,044</b>	<b>(39)</b>
Cash and cash equivalents at the beginning of the year		12	51
<b>Cash and cash equivalents at the end of the year</b>		<b>14,056</b>	<b>12</b>

All company cash flows arise from continuing operations

**1(a). BASIS OF PREPARATION**

**General Information**

Lenlyn Holdings Limited, the Group's ultimate parent company, is a private company, limited by shares and incorporated in England and Wales. Its registered office is 19-21 Shaftesbury Avenue, London, W1D 7ED.

The activities of the Group and its subsidiaries during the year under review included the operation of retail and wholesale bureaux de change and other related activities throughout Asia, Europe, North America and Australia. In addition, the Group's business encompasses banking and related financial services, and consumer finance, in the United Kingdom.

**Basis of preparation**

The Group's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and as adopted by the European Union.

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

**Basis of consolidation**

These consolidated financial statements include the financial statements of the Parent company and all its subsidiaries made up to the reporting date.

Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are deconsolidated from the date that control ceases. Unrealised gains and losses on transactions between the company and its subsidiaries are eliminated. The Group recognises any non-controlling interest in an acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis, as modified for the revaluation of land and buildings and of available for sale financial assets which are held at fair value through profit or loss.

**Going Concern**

The Directors assess the Group's going concern for a period of at least 12 months from the date of the approval of financial statements and take into account the facts and circumstances during that period. In making this assessment the Directors considered:

- Financing to support the business, its corporate transactions and future trading;
- Whether sufficient financing and capital are in place to support the sale or orderly wind down of discontinued business lines;
- Whether post balance sheet trading is in line with expectations;
- If the group will be able to trade after the impact of a reasonable downside scenario on performance and covenants;
- Continued parental support from the shareholders
- Continued availability of financing facilities and trading lines;
- Complying with the covenant requirements of financing and facilities;
- The regulatory environment in which the group operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risk.

After making enquiries and considering a range of scenarios and actions, the Directors have a reasonable expectation that the Group has *adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements*. The assessment has been on the projected cash flows including liquidity improvements as a result of management's actions, and financing facilities. The Group has therefore prepared the financial statements on a going concern basis.

**1(b). ACCOUNTING POLICIES**

**Business combinations**

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

**Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique that maximises the use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the income statement on an appropriate basis over the life of the instrument. Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price.

#### **Investments in associates and joint ventures**

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. All subsequent changes to the Group's share of interest in the equity of the joint venture are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the joint venture are reported in the income statement.

#### **Assets held for sale and discontinued operations**

Assets that are expected to be recovered primarily through sale rather than continuing use, are classified as a disposal group held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Company's accounting policies and tested for impairment. Thereafter, the disposal group is measured at the lower of its carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the income statement. The assets held for sale are presented separately in the balance sheet. Property, and equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

The Company classifies a component of the business as a discontinued operation when that component has been disposed of, or is classified as held for sale, and it:

- Represents a separate major line of business or geographical area of operations, or
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

The results of discontinued operations are shown as a single amount in the income statement comprising the post-tax profit or loss.

#### **Foreign currency translation**

The financial statements are presented in GBP Sterling (£), which is also the functional currency of the company and Group. The functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using exchange rates prevailing at the dates of transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### **Revenue Recognition**

The key components of revenue are described below:

**Sale and purchase of foreign currency:** The company purchases foreign currency and resells this currency over the counter to retail customers. The margin between the sale of one currency against the currency purchased is recognised as revenue.

**Commission and fees receivable:** Revenue is recognised on ATM transactions via commission based fees earned when each transaction takes place. Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including management fees, are recognised on an accruals basis as the related services are performed. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

**Interest income from banking activities:** Revenue consists of interest income and interest expense on loans in addition to fees and commission income and expense. Interest income and expense are recognised in the income statement using the effective interest rate method ('EIR'). The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs, premiums or discounts and all fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Once a financial asset or group of similar assets have been written down as a result of an impairment loss, interest income continues to be recognised using the original EIR on the revised carrying amount.

**Card programme management:** Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for services provided included within this are Transactional fees, Management fees and card orders arising from the sale of goods and the rendering of services.

**Other ancillary services and income:** Revenue arises from the sale of goods and the rendering of services. It is measured at the fair value of consideration received or receivable.

All revenue items are recorded excluding sales taxes, and reduced by any rebates and trade discounts allowed.

#### **Cost of Sales**

Cost of sales represents direct selling and financing costs.

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost, net of depreciation and any recognised impairment losses, with the exception of freehold property as mentioned below. Depreciation is calculated so as to write off the cost of assets, over their estimated useful lives, using the straight-line method as follows:

- |   |                                 |                              |
|---|---------------------------------|------------------------------|
| • | Fixtures, fitting and equipment | 20% straight line            |
| • | Motor vehicles                  | 20% straight line            |
| • | Leasehold property              | over the period of the lease |

The residual values and useful economic lives of each class of asset are reviewed annually.

#### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries or associates is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is reviewed for impairment at least annually or more frequently when events or changes in economic circumstances indicate that impairment may have taken place and carry goodwill at cost less accumulated impairment losses.

#### **Other Intangible Assets- Computer software**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives (five years).

#### **Subsequent measurement and amortisation**

All intangible assets with a finite life are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

#### **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **Operating leases**

Where the company (or Group) is a lessee, payments on operating lease agreements are recognised as an expense on a straight line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### **Finance leases**

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset.

The asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and building elements, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Subsequent accounting of assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by the lease payments less finance charges, which are expensed to finance costs. *The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.*

#### **Provisions and contingent liabilities**

Provisions are recognised when the company (or Group) has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be reliably measured.

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. In assessing the amount of the loss to provide on any contract, account is taken of the Company's forecast results which the contract is servicing. The provision is calculated based on discounted cash flows to the end of the contract.

Contingent liabilities are disclosed when the company (or Group) has a present obligation as a result of a past event, but the probability that it will be required to settle that obligation is more than remote, but not probable.

#### **Taxation**

The tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using a temporary difference approach. 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 taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.



## Financial Instruments

### **Recognition, initial measurement and derecognition**

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- *loans and receivables*
- *financial assets designated at fair value through profit or loss (FVTPL)*
- *held-to-maturity (HTM) investments*
- *available-for-sale (AFS) financial assets.*

There is a separate classification within the above known as “Banking”. This is used to separately identify the accounting policies of the Bank due the different instrument used within its business.

All financial assets except for those designated at FVTPL or AFS are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables (loans and receivables) which is presented within other expenses.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition at fair value, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

### **Loans and receivables - Banking**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, these are measured at amortised cost using the effective interest rate method.

The amortised cost is the amount advanced less principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the amount advanced and the maturity amount less impairment provisions for incurred losses. The Bank’s loans and receivables mainly comprise loans and advances to banks and customers.

### **Financial assets at fair value through profit and loss**

Financial assets at fair value through profit and loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit and loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

### **Held to maturity**

*Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables.* Investments are classified as held to maturity if the Group has the intention and ability to hold them until maturity. The Group currently holds listed bonds designated into this category.

Held to maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

**Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are either designated into this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intended to dispose of it within twelve months of the end of the reporting period.

**Available for sale - Banking**

Available for sale financial assets are debt securities or other investments that are not held for trading and are intended to be held for an indefinite period of time. These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, they are measured at fair value based on current quoted bid prices in active markets for identical assets that the Group can access at the reporting date. Where there is no active market or the securities are unlisted the fair values are based on valuation techniques including discounted cash flow analysis, with reference to relevant market rates, and other commonly used valuation techniques. Interest income is recognised in the income statement using the effective interest rate method. Impairment losses are recognised in the income statement. Other fair value changes are recognised in other comprehensive income and presented in the available for sale reserve in equity. On disposal, the gain or loss accumulated in equity is reclassified to the income statement.

**Financial liabilities**

The Group's financial liabilities consist of borrowings, trade and other payables, customer deposits, other customer accounts and derivatives.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

The Group carries financial liabilities recorded at fair value then amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

**Impairment of financial assets**

**Loans and receivables**

The Company assesses at each reporting date whether there is objective evidence that a loan or group of loans is impaired. A loan or group of loans is impaired if objective evidence indicates that a loss event has occurred after initial recognition which has a negative effect on the estimated future cash flows of the loan or group of loans that can be estimated reliably.

Criteria that are used by the Company in determining whether there is objective evidence of impairment include:

- Known cash flow difficulties experienced by the borrower; and
- A breach of contract, such as default or delinquency in interest and/or principal payments.

**Identified incurred losses**

The Company first assesses whether there is objective evidence of impairment individually for loans that are individually significant and then collectively for loans that are not individually significant.

When a loan carried at amortised cost has been identified as individually significant, the carrying amount of the loan is reduced to an amount equal to the present value of its estimated future cash flows, including the recoverable amount of any collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of a credit impairment account and the loss is recognised as a credit impairment charge in the income statement.

Retail loan portfolios with no individually significant loans are assessed collectively for impairment. Impairments of groups of loans that are assessed collectively are recognised where there is objective evidence that a loss event has occurred after the initial recognition of the group of loans but before the reporting date. For the purposes of the assessment, loans with similar credit risk characteristics are grouped together – generally on the basis of their product type, past due status and other factors relevant to the evaluation of expected future cash flows. The impairment assessment includes estimating the expected future cash flows from the group of assets, which are then discounted at the loan portfolio's original effective interest rate. If this is lower than the carrying value of the assets, the carrying amount of the portfolio is reduced through the use of a credit impairment account and the loss is recognised as a credit impairment charge in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement

Following impairment, interest income continues to be recognised at the original effective interest rate on the restated carrying amount, represented by the unwind of the discount of the expected cash flows. Uncollectable loans are written off against the related allowance for loan impairment on completion of the Bank's internal processes and once all recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

#### **Losses incurred but not yet identified**

In order to provide for latent losses that have not yet been identified as impaired, a credit impairment provision for incurred but not yet identified losses, is recognised based on past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses. The model also includes an estimated emergence period, being the time period between the loss trigger events and the date on which the Company identifies the losses. The carrying amount of groups of loans is reduced through the use of a credit impairment account and the loss is recognised as a credit impairment charge in the income statement.

#### **Available for sale financial investments**

The Company assesses at each balance sheet date whether there is evidence that available for sale financial investments (debt or equity) will not be recovered in full and, wherever necessary, recognises an impairment loss in the income statement. An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets.

#### ***Impairment of available for sale debt instruments***

Debt instruments are assessed for impairment in the same way as loans and receivables. If impairment is deemed to have occurred, the cumulative decline in the fair value of the instrument that has previously been recognised in the available for sale reserve is removed from reserves and recognised in the income statement. This may be reversed if there is evidence that the circumstances of the issuer have improved.

#### ***Impairment of available for sale equity instruments***

Where there has been a prolonged or significant decline in the fair value of an equity instrument below its acquisition cost, it is deemed to be impaired. The cumulative net loss that has been previously recognised directly in the available for sale reserve is removed from reserves and recognised in the income statement. Further declines in the fair value of equity instruments after impairment are recognised in the income statement.

#### ***Reversal of available for sale impairments***

If, in a subsequent period, the fair value of an impaired available for sale debt instrument increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the income statement; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available for sale equity security is always recognised in OCI.

#### ***Offsetting***

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Cash and cash equivalents**

Cash comprises cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash. Cash and cash equivalents include all notes and coins held in tills and vaults, in transit and in distribution centres, bank accounts and term deposits which comprise deposits with financial institutions with an original maturity of less than three months.

#### **Pensions**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Pension contributions are charged to the income statement as the relevant employees perform their pensionable service.

#### **Investment in subsidiaries**

In the Company's individual financial statements, investments in subsidiaries are held at impaired cost. Subsidiaries are assessed individually for impairment, and an impairment is recognised if there is objective evidence, as a result of events that have occurred by the balance sheet date, that the fair value of the subsidiary is lower than its cost. Impairments, and reversals of impairments, are recognised in the income statement of the Company.

#### **Equity**

Share capital is determined using the nominal value of shares that have been issued. Premiums received on the initial issuing of share capital are credited to share premium account. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period results as disclosed in the income statement.

**Future accounting developments:**

The following new standards are not yet effective for the year ended 28 February 2018 and have not been applied in preparing these annual financial statements:

- **IFRS 9 Financial Instruments**

Under IFRS 9 financial assets are classified and measured based on the business model under which they are held and the characteristics of their contractual cash flows. The standard also introduces a new expected loss impairment model that will require more timely recognition of expected credit losses.

Expected credit losses are required to be measured at an amount equal to either 12 month expected credit losses or full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. For all other financial instruments, expected credit losses should be measured at an amount equal to 12 month expected credit losses.

IFRS 9 will be effective for annual periods beginning on or after 1 March 2018. Raphaels Bank has established an IFRS 9 programme. The programme is jointly sponsored by the Bank's Chief Financial Officer and Chief Risk Officer. The key features of the programme include defining the IFRS 9 methodology and accounting policies, identifying data, reconciliation and system requirements, and the development and establishment of appropriate and compliant operating models within an appropriate governance framework.

The effect from the remeasurement of financial assets and liabilities as a consequence of classification changes are expected to be minimal. These estimates are based on accounting policies, judgements and estimation techniques that remain subject to change until the Bank finalises its financial statements for the year ending 28 February 2019

- **IFRS 15 Revenue from contracts with customers**

This standard will replace the existing revenue standards and their related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments).

The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporate a five step analysis to determine the amount and timing of revenue recognition.

IFRS 15 will be effective for annual periods beginning on or after 1 January 2018. The standard is not expected to have a material impact on the Company's results.

- **IFRS 16 Leases**

IFRS 16 'Leases' was issued in January 2016 (effective date 1 January 2019) and replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The company has yet to quantify the impact of this standard. Additional analysis will be undertaken by the company prior to the adoption date to clarify and estimate the effect on the statutory financial statements. The Group will adopt the standard for the accounting period beginning 1 March 2019 and report under the new standard for the financial year ended 28 February 2020.

**Sources of estimation and key judgements**

The preparation of the financial statements requires the Group to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent liabilities and assets. The Directors base their estimates on historic experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from one source. The major areas of estimation within the financial statements are as follows:

- **Impairment of non-financial assets:** In assessing impairment, management determines the recoverable amount of each asset or cash-generating unit based on value in use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows using a discount rate of 17.5%.

- **Effective interest rate (EIR):** The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but excludes future credit losses. The EIR determines the timing of revenue recognition and is calculated at a portfolio level. The EIR model calculation has been consistently applied in both the current and prior year. The calculation of an effective interest rate requires the Bank to make assumptions around the average expected lives of loan instruments. In determining these expected lives, the Bank uses historical data together with management judgement. These assumptions are regularly reviewed for reasonableness, taking into account changes in actual experience. If the Directors consider that a change in assumption is needed, the impact of the change on the carrying value of the loans would be reflected immediately in the income statement. However, given the hire purchase agreement receivables are measured at fair value less costs to sell at current year end, this assumption is no longer of critical importance and usefulness of sensitivity analysis is limited. For prior year, if the average lives of the hire purchase agreement receivables were to increase by one month, the carrying value of hire purchase agreement receivables would increase by £19k with a corresponding change in the timing of interest recognition.

- **Credit Impairments**

In determining whether an impairment should be recorded, judgements are made as to whether there is objective evidence that a financial asset or portfolio of financial assets is impaired as a result of loss events that occurred after recognition of the asset and by the reporting date. The calculation of an impairment loss is management's best estimate of losses incurred in the portfolio at the balance sheet date and reflects expected future cash flows based on both the likelihood of a loan being written off and the estimated loss on such a write-off.

- **Identified incurred losses – Hire purchase agreement receivables and loans & advances to customers:** The retail loan portfolios comprise large numbers of small homogenous assets with similar risk characteristics, where statistical techniques are used to calculate impairment allowances on a portfolio basis. These statistical analyses use as primary inputs the extent to which accounts in the portfolio are in arrears and historical information on the eventual losses encountered from such delinquent portfolios. The key assumptions used in the impairment model are the probability of default ('PD'), and the loss given default ('LGD'). Judgement is needed in selecting the statistical methods when the models are developed or revised. Loans are considered as impaired for which instalments are due and unpaid. The impairment allowance reflected in the financial statements for these portfolios is considered to be reasonable and supportable. A change of 1 percentage point in the LGD will result in a £28k (2017: £28k) change in the value of the impairment. A change of 1 percentage point in the PD will result in a £37k (2017: £37k) change in the value of the impairment.
- **Losses incurred but not yet identified – Hire purchase agreement receivables and loans & advances to customers:** The impairment for latent losses in a group of loans that have not yet been identified as impaired, is determined on a portfolio basis based on a calculated loss ratio. The loss ratio is calculated based on historic loss patterns and an estimated emergence period, being the time period between the loss trigger events and the date on which the Company identifies the losses. The loss ratio is applied to loan balances that are neither past due nor impaired at the reporting date. At the year end, a number of factors including emergence period, recent loss history and probability of default were considered. Of these factors, the loss emergence period is a key input (2018: 3 months; 2017: 3 months). An increase of 1 month in the emergence period will result in an increase of £150k (2017: £150k) in the impairment charge. A decrease of 1 month in the emergence period will result in a reduction of £127k (2017: £127k) in the impairment charge.

- **Discontinued operations and non-current assets held for sale:**

**ATM business:** As the result of a strategic review, the Bank determined that it wishes to exit the ATM business since the ATM network does not form a core part of the Bank's other customer propositions. The Bank signed an agreement on 1 April 2016 to sell its ATM business to a subsidiary of International Currency Exchange Limited ('ICE'), a sister company of the Bank. The Group is expected to dispose of the ATM business as part of the ICE Currency business disposal. The sale is expected to complete during the fiscal year to February 2019. The ATM business represents a major business unit of which the assets are to be recovered principally through a sale transaction rather than continuing use. As a result, the ATM business is classified as a disposal group in terms of IFRS 5, and the relevant assets and liabilities are classified as held for sale. The segment is classified as a discontinued operation and its results for the year are presented in a single line item on the face of the income statement.

**Payment Services division:** After a strategic review of its options, the Bank has decided to exit from its Payment Services business in an orderly way. The level of regulatory and operational complexity of the business in combination with poor returns driven by ongoing low interest rates, uncertainties around Brexit and potential complications arising, mean that this is not a viable business for the Bank. The bank does not intend to dispose of this business but will wind the business down over the next 2 years. Accordingly partners' contracts are not being renewed on expiry and the Bank is working cooperatively with partners to migrate to another issuer either at contract expiry or earlier. The winding down of this business unit results in the Bank classifying this segment as a discontinued operation as at 28 February 2018, as required by IFRS 5, which is shown as a single item on the face of the income statement.

**Lending division – motor hire purchase receivables** Subsequent to year-end, on the 6th July 2018, the Bank has completed an agreement to sell the outstanding motor loan receivables. In addition, the Bank's Board has taken a decision to cease writing new motor loans, with the various stakeholders including staff and brokers informed of this decision in May 2018. The motor loan receivables business represents a major cash-generating unit of which the assets are highly likely to be recovered principally through a sale transaction rather than continuing use. As a result, the hire purchase receivables are classified as a disposal group in terms of IFRS 5. The segment is classified as a discontinued operation and its results for the year are presented in a single line item on the face of the income statement.

**ICE Currency business:** The Group entered into an agreement to sell International Currency Exchange Limited, Lenlyn UK Limited, Exchange Corporation Europe Limited, Hoopoe Investments Limited and related subsidiaries to the HNA Group as part of the purchase of the International Currency Exchange (ICE) brand, business and related subsidiaries. ICE will become part of HNA Tourism Division. Completion of the transaction is currently pending as Lenlyn Holdings Limited obtains the necessary change of control regulatory approvals. The board has taken the necessary actions to respond to these conditions. As a result, the ICE currency business is classified as a disposal group in terms of IFRS 5, and the relevant assets and liabilities are classified as held for sale. The segment is classified as a discontinued operation and its results for the year are presented in a single line item on the face of the income statement.

- **Fair value measurement:** The fair value of financial instruments that are not quoted in active markets is determined using valuation techniques. Changes in these assumptions could affect the reported fair values of financial instruments.

#### **Visa Inc. investment**

Following the sale of Visa Europe Limited ('Visa Europe') to Visa Inc., the Company received an equity investment in the preferred shares of Visa Inc. The shares are convertible to ordinary shares and are valued in reference to the ordinary share price of Visa Inc. A fair value gain has been recognised in other comprehensive income to reflect the changes in the market value of Visa Inc., together with movements in foreign exchange rates.

#### **Unlisted equity investment**

In November 2017, the Bank exercised an option to purchase 15% of the shareholding of one of its lending partner companies. The shares are unlisted equity and valuation is determined in a model, which incorporates assumptions based on unobservable inputs and are subject to management's judgement. The assumptions include forecasts of the underlying entity's expected profitability, risk premiums and discount rate. A fair value gain has been recognised in other comprehensive income to reflect the changes in the fair value of the shares since purchase.

- **Onerous Contract:** Management applies significant judgement to assess the sensitivity and impact of the onerous contracts. The provision on these contracts is calculated by estimating the recoverable amount of each asset or cash-generating unit based on expected cash flows discounted using an interest rate. The assessment of uncertainty relates to assumptions about future operating results and determination of a suitable discount rate. The provision is expected to be utilised over the next 4 years. To calculate the provision, future losses over the life of the remaining contract were calculated from annual budgeted amounts extrapolated for the later years using growth assumptions agreed with senior management. These losses were then discounted to the current balance sheet date using a discount rate of 2.3%. The carrying amount of provision for onerous contracts as at the Balance Sheet date was £1,755k (2017: £667k).

LENLYN HOLDINGS LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED 28 FEBRUARY 2018

2. REVENUE

	28 Feb 2018	28 Feb 2017
	£000's	£000's
Net interest income	2,147	1,545
Net fee and commission income	(296)	(200)
Other income	(86)	669
<b>Total Revenue</b>	<b>1,765</b>	<b>2,014</b>

3. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):	28 Feb 2018	28 Feb 2017
	£000's	£000's
Depreciation of tangible fixed assets - owned by the Group	2,299	2,203
Amortisation of intangible fixed assets	178	152
Impairment of tangible fixed assets	64	375
Impairment of intangible fixed assets	33	283
Impairment of goodwill	2,835	-
Operating lease rentals	70,370	61,510
Loss on foreign exchange	(385)	(236)
Impairment loss recognised on loans receivable carried at amortised cost	5,388	1,763
Gain/(loss) on disposal of tangible fixed asset	17	(70)

4. AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:	28 Feb 2018	28 Feb 2017
	£000's	£000's
Fees payable to the company's auditor and its associates for the audit of the company's individual and consolidated financial statements	65	100
Fees payable to the company's auditor and its associates in respect of:		
Auditing financial statements of associates of the company	109	570
Audit related assurance services		201
Taxation compliance services		165
All taxation advisory services not included above		183
Other assurance services	147	7
Other non-audit services		8

The fees above relate to fees charged by Mazars LLP to Lenlyn Holdings Limited and R. Raphaels & Sons plc. The comparative information relates to fees charged by the Group's previous auditor, KPMG LLP. All amounts are exclusive of VAT.

Fees in relation to audit and related services charged by other audit firms to the Group's subsidiary undertakings in the year ended 28 February 2018 totalled £434,000.

## 5. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	28 Feb 2018	28 Feb 2017
	Number	Number
Administration/operations	313	281
Bureau staff	1,371	1,228
	<b>1,684</b>	<b>1,509</b>

The aggregate payroll costs of the above were:

	28 Feb 2018	28 Feb 2017
	£000's	£000's
Wages and salaries	37,647	33,071
Social security costs	2,898	4,412
Other pension costs	950	619
	<b>41,495</b>	<b>38,102</b>

## 6. DIRECTORS' REMUNERATION

	28 Feb 2018	28 Feb 2017
	£000's	£000's
<b>Directors remuneration</b>		
Gross remuneration	357	185
Total Emoluments	<b>357</b>	<b>185</b>
<b>Highest Paid Director</b>		
Gross remuneration	75	35
Total Emoluments	<b>75</b>	<b>35</b>

## 7. DIVIDENDS

	28 Feb 2018	28 Feb 2017
	£000's	£000's
Interim dividend of 5.2p (2017: 3.1p) per Ordinary share paid during the year	600	350
	<b>600</b>	<b>350</b>

The directors are not proposing a final dividend.



## 8. INCOME TAX

The tax expense for the Company comprises:

	28 Feb 2018 £000's	28 Feb 2017 £000's
<b>Current tax</b>		
Current tax credit/(charge) on losses/profits for the year	1,406	(2,445)
Foreign tax suffered	(31)	(15)
Adjustments in respect of prior years	384	(80)
<b>Actual tax credit/(expense)</b>	<b>1,759</b>	<b>(2,540)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary difference	66	(1,623)
Adjustment in respect of prior years	8	(33)
Impact of change in tax rate	(12)	208
<b>Total deferred tax</b>	<b>62</b>	<b>(1,448)</b>
<b>Total tax credit/(expense)</b>	<b>1,821</b>	<b>(3,988)</b>
	28 Feb 2018 £000's	28 Feb 2017 £000's
<b>(Loss)/profit on ordinary activities before tax from continuing operations</b>	<b>(9,125)</b>	<b>19,392</b>
Tax at the UK corporation tax rate of 19.08% (2017: 20.00%)	1,741	(3,879)
<i>Effects of:</i>		
Items not allowable/deductible for tax purposes	(95)	135
Adjustments to brought forward values	(52)	-
Effect of tax rate differences	(61)	135
Deferred tax not recognised	(147)	(266)
Benefit of losses carried back	43	-
<i>Adjustment in respect of prior periods</i>	<i>392</i>	<i>(113)</i>
<b>Total tax credit/(expense) included in the income statement</b>	<b>1,821</b>	<b>(3,988)</b>
Tax charge included in other comprehensive income	(342)	3,952
<b>Total tax credit/(expense) for the year</b>	<b>1,479</b>	<b>(36)</b>

The weighted average applicable tax rate was 19.08% (2017: 20.00%). The change is due to the movement in local tax rates.

Changes to the UK Corporation Tax Rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2016) and Finance Bill 2016 (On 7 September 2016). These include reductions to the main rate to reduce the rate from 20% to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020).

9. INVESTMENTS

Company	Investments in subsidiary companies £000's
<b>Cost or valuation</b>	
At 1 March 2017	30,616
Disposal	(50)
<b>At 28 February 2018</b>	<b>30,566</b>
<b>Impairment</b>	
At 1 March 2017	401
Impairment charge in the year	-
<b>At 28 February 2018</b>	<b>401</b>
<b>Net book value</b>	
<b>At 28 February 2018</b>	<b>30,165</b>
At 28 February 2017	30,215

Full detail of subsidiaries, joint ventures and associates can be found in note 35.

10. INTANGIBLE ASSETS

	2018 £000's	2017 £000's
<b>Computer software</b>		
<b>Cost at beginning of the year</b>	-	-
Reintroduced from disposal group	1,091	-
Additions	48	-
<b>Cost at end of year</b>	<b>1,139</b>	-
<b>Amortisation at beginning of the year</b>	-	-
Reintroduced from disposal group	(477)	-
Amortisation charge	(256)	-
<b>Amortisation at end of the year</b>	<b>(733)</b>	-
<b>Net carrying value at end of year</b>	<b>406</b>	-

Capitalised computer software represents computer software which is of a strategic nature with an expected useful life of 3-5 years. The carrying value represents external costs with no internal development costs capitalised. The assets are amortised on a straight-line basis over their expected useful life.

During the year £2,835,000 (2017: Nil) of goodwill which was previously classified as held for sale in prior periods has been fully impaired in the year.

11. PROPERTY, PLANT & EQUIPMENT

Cost	Freehold property £000's	Fixtures, fittings & equipment £000's	Computer hardware £000's	Motor vehicles £000's	Total £000's
<b>Opening balance at 1 March 2017</b>	-	-	-	-	-
Reintroduced from disposal group	725	141	601	68	1,535
Additions	-	6	53	-	59
Disposals	-	-	(127)	(15)	142
<b>Closing balances at 28 February 2018</b>	<b>725</b>	<b>147</b>	<b>527</b>	<b>53</b>	<b>1,452</b>
<b>Accumulated depreciation</b>					
<b>Opening balance at 1 March 2017</b>	-	-	-	-	-
Reintroduced from disposal group	-	(100)	(447)	(46)	(593)
Depreciation charge	-	(12)	(101)	(7)	(120)
Disposals	-	-	127	15	142
<b>Closing balances at 28 February 2018</b>	<b>-</b>	<b>112</b>	<b>421</b>	<b>38</b>	<b>571</b>
<b>Net book value at 28 February 2018</b>	<b>725</b>	<b>35</b>	<b>106</b>	<b>15</b>	<b>881</b>

12. LOANS & ADVANCES TO CUSTOMERS

	2018 £000's	2017 £000's
<b>Maturity analysis</b>		
<b>Loans and advances to customers greater than one year</b>		
Between one and five years	13,542	-
<i>In more than five years</i>	<b>4,184</b>	-
<b>Loans and advances to customers greater than one year</b>	<b>17,726</b>	-
<b>Loans and advances to customers less than one year</b>		
Three months or less	6,618	-
Between three months and one year	9,260	-
<b>Loans and advances to customers less than one year</b>	<b>15,878</b>	-

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Other current receivables	1	-	1	-
Payment Services - trade debtors	1,117	-	-	-
Deferred consideration	1,643	-	-	-
Prepayments and accrued income	802	2	492	2
<b>Total trade and other receivables</b>	<b>3,563</b>	<b>2</b>	<b>493</b>	<b>2</b>

All trade and other receivables have been reviewed for indicators of impairment.

The carrying values are considered to be a reasonable approximation of fair value. The effect of discounting trade and other receivables has been assessed and is deemed to be immaterial to the results. Amounts owed by related parties are repayable on demand and are non-interest bearing.

Movements in the Group's trade receivables provision in the period are as follows:	2018	2017
	£000's	£000's
Balance brought forward At 1 March	-	280
Amounts written off as uncollectable	-	-
Movement in provision in the period	-	-
Reclassified to disposal group	-	(280)
<b>Balance carried forward At 28 February</b>	<b>-</b>	<b>-</b>

14. AVAILABLE FOR SALE INVESTMENTS

	2018	2017
	£000's	£000's
UK government debt securities	10,579	-
Foreign government debt securities	32,685	-
Supranational debt securities	1,681	-
<b>Total debt securities</b>	<b>44,945</b>	<b>-</b>
Equity investments	11,397	-
<b>Total available for sale investments</b>	<b>56,342</b>	<b>-</b>

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15. CASH AND CASH EQUIVALENTS

	2018 £000's	2017 £000's
Placements with Bank of England	56,920	-
Loans and advances to banks	165,471	12
Cash at bank	222,391	12
Debt securities (Note 14)	44,945	-
<b>Cash and cash equivalents</b>	<b>267,336</b>	<b>-</b>
<b>Loans and advances to banks</b>	<b>2018</b>	<b>2017</b>
<b>Maturity analysis</b>	<b>£'000</b>	<b>£'000</b>
On demand	162,779	12
Three months or less	2,692	-
<b>Total loans and advances to banks</b>	<b>165,471</b>	<b>12</b>

16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities included in the disposal group as presented in the consolidated statement of financial position are broken down by disposal group as follows:

	28 Feb 2018 £000's	Restated 28 Feb 2017 £000's
R. Raphael & Sons plc		
Lending hire purchase	91,094	85,695
ATM	7,273	9,671
Other business lines	-	340,886
ICE Currency Exchange group		
International Currency Exchange	58,765	52,444
Lenlyn UK Limited	33,874	31,178
Hoopoe Investments Limited	15	15
Exchange Corporation Europe Limited	0	1
Lenlyn Prepaid Ltd		50
Consolidation adjustments	(22,569)	(18,059)
<b>Assets classified as held for sale</b>	<b>168,452</b>	<b>501,811</b>
R. Raphael & Sons plc		
Lending hire purchase	(46)	-
ATM	(1,001)	(638)
Other business lines	-	(388,039)
ICE Currency Exchange group		
International Currency Exchange	(21,081)	(18,329)
Lenlyn UK Limited	(15,524)	(12,695)
Hoopoe Investments Limited	(3)	(4)
Exchange Corporation Europe Limited	(1)	(339)
Consolidation adjustments	3,404	6,887
<b>Liabilities classified as held for sale</b>	<b>(34,252)</b>	<b>(413,157)</b>

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The profit from discontinued operations as set out in the consolidated income statement is broken down by disposal group as follows:

	28 Feb 2018	Restated 28 Feb 2017
	£000's	£000's
R. Raphael & Sons plc		
Payment Services	512	1,336
Lending hire purchase	(182)	2,964
ATM	1,422	2,296
ICE Currency Exchange group		
International Currency Exchange	4,762	4,769
Lenlyn UK Limited	544	895
Hoopoe Investments Limited	2	(1)
Exchange Corporation Europe Limited	336	21
Lenlyn Prepaid Ltd	(50)	3,997
Consolidation adjustments	(5,211)	(4,068)
<b>Profit from discontinued operations</b>	<b>2,135</b>	<b>12,209</b>

The cash flows relating to discontinued operations as set out in the consolidated statement of cash flows are as follows:

	2018			Restated 2017		
	Operating activities £000's	Investing activities £000's	Financing activities £000's	Operating activities £000's	Investing activities £000's	Financing activities £000's
<b>Total cash flows</b>	<b>5,572</b>	<b>(3,412)</b>	<b>(52,265)</b>	<b>61,887</b>	<b>(2,427)</b>	<b>(5,809)</b>

Detailed disclosures have not been provided in respect of Exchange Corporation Europe Limited, Hoopoe Investments Limited or Lenlyn Prepaid Limited on the grounds of materiality.

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**R Raphael & Sons PLC**

On 7 March 2014, the Group Board resolved to dispose of R Raphael & Sons PLC ("the Bank"), a 100% banking subsidiary of the Group, Incorporated in the UK.

**Facts and circumstances leading to the expected disposal, and the expected manner and timing of the disposal:**

In the prior year, the sale was expected to be highly probable within twelve months of the balance sheet date. Hence, in accordance with IFRS 5, the Group's 100% interest in the Bank was presented separately as non-current assets held for sale in the Group's statement of financial position as at 28 February 2017. The Group's share of income/(loss) from the Bank was included in discontinued operations and was disclosed under separate line item in the consolidated income statement for the year ended 28 February 2017

As at the 28 February 2018, the circumstances around the Bank's sale had changed. The Lending hire purchase and the ATM business lines continue to be presented as non-current assets held for sale, as the sale of these units is deemed highly probable within 12 months of the balance sheet date. The residual units of the Bank consist of Payment Services, Customer Lending and Central divisions. The likelihood of sale within 12 months is no longer highly probable. Accordingly, these residual units no longer meet the criteria for classification as non-current assets held for sale and therefore have been consolidated on a line-by-line basis in the Group's statement of financial position as at 28 February 2018

The Payment Services division of the Bank is now being wound down over the next two years. This business line along with the Lending hire purchase and the ATM business remain classified as discounting operations. The Group's share of income/(loss) from these units is included in discontinued operations and is disclosed under a separate line item in the consolidated income statement.

The Customer Lending and Central units are no longer classified as discontinuing operations and the Group's share of income/(loss) from these units are included in continuing operations in the consolidated income statement. The prior year has been restated to reflect the change of status of these business lines from discontinuing to continuing operations. Details of the impact of this restatement are shown in note 24.

The income statements for the Bank's discontinued business lines are summarised as follows:

<b>Year ended 28 February 2018</b>	<b>Payment Services</b>	<b>Lending Hire Purchase</b>	<b>ATM</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Discontinued operations</b>				
Net Interest Income	145	8,869	2	9,016
Net fees and other (expense)/ income	3,429	(74)	7,122	10,477
<b>Revenue</b>	<b>3,574</b>	<b>8,795</b>	<b>7,124</b>	<b>19,493</b>
Other operating expenses	(2,934)	(3,635)	(5,347)	(11,916)
Credit impairment charge	-	(2,747)	-	(2,747)
Write-down on transfer to held-for-sale	-	(2,641)	-	(2,641)
<b>Profit before tax</b>	<b>640</b>	<b>(228)</b>	<b>1,777</b>	<b>2,189</b>
Income tax expense	(128)	46	(335)	(437)
<b>Profit for the year</b>	<b>512</b>	<b>(182)</b>	<b>1,422</b>	<b>1,752</b>
<b>Year ended 28 February 2017</b>	<b>Payment Services</b>	<b>Lending Hire Purchase</b>	<b>ATM</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Discontinued operations</b>				
Net Interest Income	106	9,279	(89)	9,296
Net fees and other (expense)/ income	3,892	(924)	8,131	11,099
<b>Revenue</b>	<b>3,998</b>	<b>8,355</b>	<b>8,042</b>	<b>20,395</b>
Other operating expenses	(2,328)	(2,887)	(5,172)	(10,387)
Credit impairment charge	-	(1,763)	-	(1,763)
<b>Profit before tax</b>	<b>1,670</b>	<b>3,705</b>	<b>2,870</b>	<b>8,245</b>
Income tax expense	(334)	(741)	(574)	(1,649)
<b>Profit for the year</b>	<b>1,336</b>	<b>2,964</b>	<b>2,296</b>	<b>6,596</b>

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The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

Carrying value at 28 February 2018	Lending Hire Purchase £000's	ATM £000's	Total £000's
Property, plant and equipment		759	759
Intangible assets		573	573
Available for sale investments		118	118
Hire purchase agreement receivables	91,094		91,094
Prepayments, accrued income and other debtors		2,647	2,647
Cash and cash equivalents		3,176	3,176
<b>Assets classified as held for sale</b>	<b>91,094</b>	<b>7,273</b>	<b>98,367</b>
Other liabilities	(46)	(1,001)	(1,047)
<b>Liabilities classified as held for sale</b>	<b>(46)</b>	<b>(1,001)</b>	<b>(1,047)</b>

The carrying values of payables and receivables are considered to be an approximation of values. All receivables have been tested for impairment and there is £7,099k (2017: £2,730k) allowance for impairment loss on hire purchase agreement receivables.

Since 28 February 2018, the Bank's Board has taken a decision to cease writing new motor loans, with the various stakeholders including staff and brokers informed of this decision in May 2018. Subsequently, on the 6 July 2018 the Bank has completed an agreement to sell the outstanding motor loan receivables. The fair value of the loan balances has been compared to the carrying value and this has led to write down to recoverable value at the February 2018 year-end of £2.6m.

**International Currency Exchange Group and Lenlyn UK Group**

On 7 March 2014, the Group Board resolved to dispose of International Currency Exchange (ICE) brand, business and related subsidiaries.

**Facts and circumstances leading to the expected disposal, and the expected manner and timing of the disposal:**

The company entered into an agreement to sell International Currency Exchange Limited, Lenlyn UK Limited, Exchange Corporation Europe Limited, Hoopoe Investments Limited and related subsidiaries to the HNA Group as part of the purchase of the International Currency Exchange (ICE) brand, business and related subsidiaries. ICE will become part of HNA Tourism Division. Completion of the transaction is currently pending as Lenlyn Holdings Limited obtains the necessary change of control regulatory approvals. The board has taken the necessary actions to respond to these conditions.

Detailed disclosures have not been provided in respect of Exchange Corporation Europe Limited or Hoopoe Investments Limited on the grounds of materiality.

Hence, in accordance with IFRS 5, the Group's 100% interest in International Currency Exchange Limited and Lenlyn UK Limited is presented separately as non-current assets held for sale in the Group's statement of financial position as at 28 February 2018. Group's share of income/(loss) from these entities is included in discontinued operations and is disclosed under separate line item in the consolidated income statement. The income statement and statement of financial position is summarised below.



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International Currency Exchange Limited Group

The income statement for the International Currency Exchange Limited Group is summarised as follows:

	Year ended 28 Feb 2018	Year ended 28 Feb 2017
	£000's	£000's
<b>Discontinued operations</b>		
Revenue	107,308	94,531
Cost of sales	(91,431)	(80,070)
<b>Gross profit</b>	<b>15,877</b>	<b>14,461</b>
Other operating income	836	58
Other operating expenses	(9,773)	(8,579)
<b>Operating profit</b>	<b>6,940</b>	<b>5,940</b>
Share of profit from equity accounted investments	869	775
Finance costs	(276)	(358)
Finance income	36	42
<b>Profit before tax</b>	<b>7,569</b>	<b>6,399</b>
Income tax expense	(2,807)	(1,630)
<b>Profit for the year</b>	<b>4,762</b>	<b>4,769</b>

The carrying amounts of assets and liabilities in International Currency Exchange Limited Group are summarised as follows:

	Carrying value At 28 Feb 2018 £000's
<b>Non-current assets</b>	
Property, plant and equipment	3,790
Intangible assets	1,646
Investment in joint ventures	4,156
Deferred tax asset	1,507
<b>Current assets</b>	
Inventories	95
Trade and other receivables	13,051
Current tax assets	311
Cash and cash equivalents	34,209
<b>Assets classified as held for sale</b>	<b>58,765</b>
<b>Current liabilities</b>	
Overdraft/Borrowings	(1,098)
Trade and other payables	(16,913)
Other financial liabilities	(1,684)
Provisions	(1,386)
<b>Liabilities classified as held for sale</b>	<b>(21,081)</b>

Trade and other receivables have been tested for impairment, none of which have been assessed to be overdue or impaired.

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Lenlyn UK Limited Group

The income statement for the Lenlyn UK Limited Group is summarised as follows:

	Year ended 28 Feb 2018	Restated Year ended 28 Feb 2017
	£000's	£000's
<b>Discontinued operations</b>		
Revenue	37,797	36,540
Cost of sales	(26,342)	(25,729)
<b>Gross profit</b>	<b>11,455</b>	<b>10,811</b>
Other operating expenses	(10,033)	(9,315)
<b>Operating profit</b>	<b>1,422</b>	<b>1,496</b>
Finance costs	(363)	(298)
Finance income	3	67
<b>Profit before tax</b>	<b>1,062</b>	<b>1,265</b>
Income tax expense	(518)	(370)
<b>Profit for the year from discontinued operations</b>	<b>544</b>	<b>895</b>

The carrying amounts of assets and liabilities in Lenlyn UK Limited Group are summarised as follows:

	Carrying value At 28 Feb 2018 £000's
<b>Non-current assets</b>	
Property, plant and equipment	1,486
Intangible assets	601
Deferred tax asset	603
<b>Current assets</b>	
Inventories	23
Trade and other receivables	23,975
Current tax assets	795
Cash and cash equivalents	6,391
<b>Assets classified as held for sale</b>	<b>33,874</b>
<b>Current liabilities</b>	
Trade and other payables	5,639
Other financial liabilities	9,516
Provisions	369
<b>Liabilities classified as held for sale</b>	<b>15,524</b>

Trade and other receivables have been tested for impairment and none are assessed to be overdue or impaired.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
<b>Current</b>				
Amounts due to group undertakings	-	-	17,403	15,042
Other current payables	21,921	1	-	1
<i>Accruals and deferred income</i>	15,848	1,969	15,847	1,969
<b>Current trade and other payables</b>	<b>37,769</b>	<b>1,970</b>	<b>33,250</b>	<b>17,012</b>

The directors consider the carrying amount of trade payables approximate to their fair value. Amounts owed to Group undertakings are repayable on demand.

18. CUSTOMER DEPOSITS

	2018	2017
	£000's	£000's
<b>Amounts repayable:</b>		
On demand	556	-
Three months or less	48,859	-
Between three months and one year	55,516	-
Between one year and five years	55,802	-
<b>Total customer deposits</b>	<b>160,733</b>	<b>-</b>

19. OTHER CUSTOMERS ACCOUNTS

	2018	2017
	£000's	£000's
<b>Amounts denomination in:</b>		
Sterling	30,562	-
Euro	89,422	-
US Dollar	34,522	-
Other	17,017	-
<b>Total other customer accounts</b>	<b>171,523</b>	<b>-</b>

Other customer accounts represent cardholder liabilities in respect of prepaid cards issued by the Bank. These are not protected deposits under the Financial Services Compensation Scheme ('FSCS'), but balances are held in designated accounts or securities to cover these liabilities and are disclosed separately in Notes 12 and 13 in Raphael & Sons plc signed accounts.

## 20. DEFERRED TAX

### Analysis of recognised deferred tax assets/(liabilities)

	Balance at start of year	Reclassified from non- current assets held for sale	Recognised in income statement	Recognised in other comprehensive income	Balance at end of year
Year ended 28 February 2018	£000's	£000's	£000's	£000's	£000's
Capital allowances	-	66	32	-	98
Available for sale investments	-	(1,492)	-	(342)	(1,834)
Other temporary differences	-	(76)	30	-	(46)
<b>Deferred tax</b>	-	<b>(1,502)</b>	<b>62</b>	<b>(342)</b>	<b>(1,782)</b>

## 21. FINANCIAL INSTRUMENTS

### 21.1 Classification of financial instruments

The Group uses financial instruments comprising cash and liquid resources, customer deposits, bank borrowings, available for sale investments, hire purchase arrangements, loans and advances to banks and customers and various items such as trade and other receivables and trade and other payables that arise directly from its operations.

Financial assets and liabilities are measured on an on-going basis either at fair value or amortised cost. The following tables summarise the classification of the Bank's financial assets and liabilities on measurement basis:

At 28 February 2018	Loans and receivables	Available for sale	Fair value through profit or loss	Liabilities at amortised cost	Carrying value
	£000's	£000's	£000's	£000's	£000's
<b>Financial Assets</b>					
Cash and balances with central banks	56,920	-	-	-	56,920
Loans and advances to banks	165,471	-	-	-	165,471
Available for sale investments	-	56,342	-	-	56,342
Loans and advances to customers	33,604	-	-	-	33,604
Trade Receivables and other assets	2,136	-	-	-	2,136
Assets classified as held for sale	144,717	118	-	-	144,835
<b>Total financial assets</b>	<b>403,048</b>	<b>56,460</b>	<b>-</b>	<b>-</b>	<b>459,508</b>
Non-financial assets					27,355
<b>Total Assets</b>					<b>486,863</b>
<b>Financial liabilities</b>					
Customer deposits	-	-	-	160,733	160,733
Derivative liabilities	-	-	16	-	16
Other customer accounts	-	-	-	171,523	171,523
Trade and other payables	-	-	-	15,848	15,848
Liabilities classified as held for sale	-	-	-	19,117	19,117
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>367,221</b>	<b>367,237</b>
Non-financial liabilities					38,822
<b>Total Liabilities</b>					<b>406,059</b>

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At 28 February 2017	Loans and receivables	Available for sale	Fair value through profit or loss	Liabilities at amortised cost	Carrying value
	£000's	£000's	£000's	£000's	£000's
<b>Financial Assets</b>					
Cash and balances with central banks	12	-	-	-	12
Trade Receivables and other assets	2	-	-	-	2
Non-current assets held for sale	400,629	68,013	520	-	469,162
<b>Total financial assets</b>	<b>400,643</b>	<b>68,013</b>	<b>520</b>	<b>-</b>	<b>469,176</b>
<b>Non-financial assets</b>					<b>32,719</b>
<b>Total Assets</b>					<b>501,895</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	1,970	1,970
Liabilities classified as held for sale	-	-	-	353,434	353,434
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>355,404</b>	<b>355,404</b>
<b>Non-financial liabilities</b>					<b>59,723</b>
<b>Total Liabilities</b>					<b>415,127</b>

## 21.2 Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings. For these assets, fair value is assessed to be the same as carrying value.

### Fair value hierarchy

The fair value hierarchy of Group's financial instruments is provided below. It is based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1- Fair value is determined using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2- Fair value determined using directly or indirectly observable inputs other than unadjusted quoted prices included within Level 1 that are observable.
- Level 3- Fair value is determined using valuation techniques which incorporate assumptions based on unobservable inputs and are subject to management's judgement. Although the Bank believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values could impact the fair value of the financial instruments.

Key considerations in the calculation of the fair values include the following:

### Debt securities

Valuation is based on securities which are actively traded in recognised markets, with quoted prices readily available.

### Equity and other investments

Equity and other investments consists of an equity interest in the preferred shares in Visa Inc., which has been valued in reference to the ordinary share price of Visa Inc. Equity investments also include a 15% shareholding in an unlisted lending partner company purchased via the exercising of an option in November 2017. The value of the shares are determined in a model, which incorporate assumptions based on unobservable inputs and are subject to management's judgement. The assumptions include forecasts of the underlying entity's expected profitability, risk premiums and discount rate. A change of 1 percentage point in the discount rate would result in a £2k (2017:£0k) change in the value of the shares.

#### Derivative instruments

Derivative liabilities in the current year are a fx swap with valuation based on quoted readily available fx rates. Derivative assets in the prior year consisted of an equity option, which was exercised in November 2017. The value of the option was determined in a model, which incorporated assumptions based on unobservable inputs and are subject to management's judgement. The assumptions included forecasts of the underlying entity's expected profitability, risk premiums and discount rate. A change of 1 percentage point in the discount rate would result in a £0k (2017: £11k) change in the value of the option as following exercise of the option the Bank now holds a direct 15% shareholding in the partner company.

	Level 1	Level 2	Level 3	Total
	£000's	£000's	£000's	£000's
<b>At 28 February 2018</b>				
Available for sale securities				
Government securities	44,945	-	-	44,945
Equity and other investments	-	10,779	618	11,397
Assets classified as held for sale	-	-	118	118
<b>Financial assets carried at fair value</b>	<b>44,945</b>	<b>10,779</b>	<b>736</b>	<b>56,460</b>
Derivative liabilities	16	-	-	16
<b>Financial Liabilities carried at fair value</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>16</b>
<b>At 28 February 2017</b>				
<b>Classified as non-current assets held for sale by Group</b>				
Non-current assets held for sale	59,010	8,848	675	68,533
<b>Financial assets carried at fair value</b>	<b>59,010</b>	<b>8,848</b>	<b>675</b>	<b>68,533</b>

#### 21.3 Reconciliation of level 3 financial instruments

	2018	2017
	£000's	£000's
Balance at beginning of the year	675	22,387
Gains included in profit or loss	(273)	435
Gains included in OCI	59	2,646
Purchase of investment	275	-
Disposal of investment	-	(24,793)
<b>Balance at end of the year</b>	<b>736</b>	<b>675</b>

#### 21.4 Fair values of financial instruments carried at amortised cost

Key considerations in the calculation of the disclosed fair values includes the following:

##### Cash and balances with central banks

These represent amounts with an initial maturity of less than three months and as such their carrying value is considered a reasonable approximation of their fair value.

##### Loans and advances to banks

These represent either amounts with an initial maturity of less than three months or longer term variable rate deposits placed with banks, where adjustments to fair value in respect of the credit risk of the counterparty are not considered necessary. Accordingly the carrying value of the assets is considered to be not materially different from their fair value.

**Loans and advances to customers and hire purchase agreement receivables.**

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. Hire purchase agreement receivables classified as held for sale assets at 28 February 2018 are valued at recoverable amount based on the purchase price from the interested purchaser.

**Customer deposits**

The fair value of fixed rate customers' accounts have been determined by discounting estimated future cash flows based on market interest rates on equivalent deposits.

**Other customer accounts**

These represent amounts repayable on demand and as such their carrying value is considered a reasonable approximation of their fair value.

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not carried at fair value:

	Carrying value	Fair value	Level 1	Level 2	Level 3
At 28 February 2018	£000's	£000's	£000's	£000's	£000's
Cash and balances with central banks	56,920	56,920	56,920	-	-
Loans and advances to banks	165,471	165,471	-	165,471	-
Loans and advances to customers	33,804	33,804	-	-	33,804
Trade Receivables and other assets	2,136	2,136	-	2,136	-
Assets classified as held for sale	144,717	144,717	43,776	91,094	9,847
<b>Financial assets carried at amortised cost</b>	<b>403,048</b>	<b>403,048</b>	<b>114,752</b>	<b>244,645</b>	<b>43,651</b>
Customer deposits	160,733	161,000	-	161,000	-
Other customer accounts	171,523	171,523	-	171,523	-
Trade and other payables	15,848	15,848	-	-	15,848
Liabilities classified as held for sale	19,117	19,117	10,598	-	8,519
<b>Financial liabilities carried at amortised cost</b>	<b>367,221</b>	<b>367,488</b>	<b>10,598</b>	<b>332,523</b>	<b>24,367</b>
At 28 February 2017	£000's	£000's	£000's	£000's	£000's
Cash and balances with central banks	12	12	12	-	-
Trade Receivables and other assets	2	2	-	-	2
Non-current assets held for sale	400,629	396,427	97,451	177,511	121,465
<b>Financial assets carried at amortised cost</b>	<b>400,643</b>	<b>396,441</b>	<b>97,463</b>	<b>177,511</b>	<b>121,467</b>
Trade and other payables	1,970	1,970	-	-	1,970
Liabilities classified as held for sale	353,434	354,129	6,802	339,011	8,316
<b>Financial liabilities carried at amortised cost</b>	<b>355,404</b>	<b>356,099</b>	<b>6,802</b>	<b>339,011</b>	<b>10,286</b>

## 21.5 Financial risk management

In the course of conducting its business the group is exposed to a wide range of financial risks, of which the principal risks are as follows:

- credit risk
- liquidity risk
- interest rate risk
- operational risk
- conduct risk
- capital risk management

This note presents information about the Bank's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk and its management of capital.

### Risk management framework

The group for operations within the Bank employs an Enterprise Risk Management Framework ('ERMF') to identify the types and quantum of risks to which it is prepared to be exposed and to determine how those risks are to be mitigated and managed. Some of the key elements of the ERMF are:

- The use of risk appetite and tolerance statements throughout the business;
- The use of risk registers to identify key risks and ensure they are actively monitored and managed;
- The maintenance of up to date policies and procedures, including fully tested business continuity plans;
- The delegation to various committees of the oversight of how well the Bank manages risk. The main committees in this respect are the Audit & Risk Committee ('ARC'), the Executive Committee ('EXCO') and the Asset & Liability Committee ('ALCO').

Ultimate responsibility for the overall framework and the risk management strategy resides with the respective Boards. The policy of the group is that all aspects of the ERMF are reviewed, amended (where appropriate) and approved at least annually by the respective Boards to ensure they remain in line with best practice and are consistent with the group's strategic objectives. The Bank's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor adherence to limits. The Group and Bank reviews risk management policies and systems regularly to reflect changes in market conditions, products and services offered.

The group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The ARC is responsible for monitoring compliance with the group's risk management policies and procedures and for reviewing the adequacy of the ERMF in relation to the risks faced by the Bank. The committee is assisted in these functions by the Bank's three lines of governance model under which assurance is provided by the risk and compliance functions (the second line) and by internal audit (the third line), which undertakes both regular and adhoc reviews of risk management controls and procedures and reports directly to the committee on the results of such reviews.

### Credit risk

Credit risk within the Group sits principally with Raphaels Bank with minimal exposure for other companies' within the group. The following credit risk analysis and tables represents the Raphaels Bank position.

Credit risk is the risk of financial loss to the disposal group if a customer or counterparty fails to meet its contractual obligations. The risk arises from the Bank's provision of hire purchase agreements, loans and advances to customers, placing deposits with other banks and holding debt securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.



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The tables below reflect the maximum exposure to credit risk for the Group:

	2018 £000's	2017 £000's
Balances with central banks	56,920	57,566
Loans and advances to banks	165,471	175,988
Available for sale investments	44,945	59,010
Loans and advances to customers	33,804	33,010
Hire purchase agreement receivables	-	88,425
Prepayments and other debtors	2,136	4,350
Assets classified as held for sale	100,840	6,169
<b>Maximum credit risk exposure</b>	<b>404,116</b>	<b>424,518</b>

An analysis of the Group's inter-bank deposits and its holding of debt securities is shown in the table that follows.

	2018 £000's	2018 %	2017 £000's	2017 %
Banks and central banks	222,391	83	233,554	80
Central Government	43,264	16	47,215	16
Money market funds	-	-	-	-
Supranational	1,681	1	11,795	4
<b>Total</b>	<b>267,336</b>	<b>100</b>	<b>292,564</b>	<b>100</b>

The table below sets out information about the credit quality of the inter-bank deposits and debt securities.

	2018 £000's	2017 £000's
Balances with banks and central banks	222,391	233,554
Rated Aaa	70,976	57,566
Rated Aa1 to Aa3	45,184	36,255
Rated A1 to A3	76,540	118,966
Rated Baa1 to Baa3	29,691	20,767
Government and Supranational securities	44,945	44,945
Rated Aaa	34,367	44,115
Rated Aa1 to Aa3	10,578	14,895
	267,336	292,564

As at 28 February 2018 and 28 February 2017, none of these assets were assessed to be past due or impaired.

#### Hire purchase agreement receivables and loans and advances to customers

Hire purchase receivables arise predominantly in connection with the financing of motor and other specialised vehicle purchases by individuals. They also include asset finance transactions to SMEs. Hire purchase receivables are classified as held for sale assets at 28 February 2018 and are therefore valued at their recoverable amount, being fair value less costs to sell. Information on credit impairment is therefore no longer considered meaningful for these assets and is only presented for the comparative prior period. Detail on delinquency and collateral for these receivables is still presented.

Loans and advances to customers are to individuals and (to a much lesser extent) SMEs. The vast majority of such loans and advances are made up of sports season ticket loans, student support loans, medical loans, unsecured personal loans and short-term funding to professional firms such as accountants, solicitors etc. which are introduced to the Bank and administered on its behalf by third party firms. All such advances are written on the Bank's own paper and ultimately the associated credit risk rests with the Bank. However, an important mitigant of the credit risk is the fact that the Bank has an arrangement whereby each third party will buy back outstanding balances on loans they have introduced and where the account has reached a certain level of delinquency: the level of delinquencies at which buy backs occurs varies from partner to partner, but falls within the range of 90-120 days. In the event of any failure of these third parties, the Bank would take over administration of the loans directly.

The group's lending portfolio is exclusively within the UK. The quality of the lending portfolio has remained at an acceptable level as evidenced by the number of accounts in arrears and the associated balances.

	Neither past due nor impaired	Past due but not impaired	Impaired	Gross exposure
28 February 2018	£000's	£000's	£000's	£000's
Loans and advances to customers	32,564	1,240	-	33,804
	<b>32,564</b>	<b>1,240</b>	<b>-</b>	<b>33,804</b>

	Neither past due nor impaired	Past due but not impaired	Impaired	Gross exposure
28 February 2017	£000's	£000's	£000's	£000's
Loans and advances to customers	30,870	2,140	-	33,010
Hire purchase agreement receivables	82,686	-	5,739	88,425
Less: allowance for losses incurred not yet identified	(374)	-	-	(374)
Less: allowance for identified incurred losses	-	-	(2,356)	(2,356)
	<b>113,182</b>	<b>2,140</b>	<b>3,383</b>	<b>118,705</b>

#### Analysis of loans and advances past due but not impaired

	Less than 30 days	30-59 days	60-89 days	90-119 days	Total
	£000's	£000's	£000's	£000's	£000's
28 February 2018	441	547	181	71	1,240
28 February 2017	638	718	411	373	2,140

#### Analysis of impaired loans and advances

Hire purchase receivables are classified as held for sale at 28 February 2018 and carried at recoverable level. Therefore allocation of impairment provision across the delinquency profile at 28 February 2018 is of limited usefulness and is not presented.

28 February 2018		Gross exposure		
		£000's		
Past due 1-2 months				3,301
Past due 3-4 months				759
Past due 5-6 months				456
Past due more than 6 months				1,398
Repossessed loans				2,073
				<b>7,987</b>

28 February 2017	Gross exposure	Impairment	Net exposure	Coverage
	£000's	£000's	£000's	
Past due 1-2 months	2,842	(467)	2,375	16%
Past due 3-4 months	625	(204)	421	33%
Past due 5-6 months	322	(98)	224	30%
Past due more than 6 months	710	(527)	183	74%
Repossessed loans	1,240	(1,060)	180	85%
	<b>5,739</b>	<b>(2,356)</b>	<b>3,383</b>	<b>44%</b>

In respect of vehicle finance (hire purchase), collateral is provided by the Group's rights and/or title to the underlying leased assets. The motor finance business typically has a loan to retail value ('LTV') ratio of 80% to 90%. The following table illustrates the extent of collateral and other risk mitigations. In the case of hire purchase agreements the table indicates the vehicle trade-in value as a percentage of the advance, based on data at origination date.

Extent of collateral and risk management at 28 February 2018	Exposure	Unsecured	Secured	<70%	70-90%	>90%
	£000's	£000's	£000's	£000's	£000's	£000's
Loans and advances to banks	151,415	151,415	-	-	-	-
Loans and advances to customers	33,804	9	33,795	-	-	33,795
Hire purchase agreement receivables	91,094	-	91,094	19,663	59,720	11,711
	<b>276,313</b>	<b>151,424</b>	<b>124,889</b>	<b>19,663</b>	<b>59,720</b>	<b>45,506</b>

Extent of collateral and risk management at 28 February 2017	Exposure	Unsecured	Secured	<70%	70-90%	>90%
	£000's	£000's	£000's	£000's	£000's	£000's
Loans and advances to banks	175,988	175,988	-	-	-	-
Loans and advances to customers	33,010	250	32,760	-	-	32,760
Hire purchase agreement receivables	85,695	-	85,695	19,271	48,289	18,135
	<b>294,693</b>	<b>176,238</b>	<b>118,455</b>	<b>19,271</b>	<b>48,289</b>	<b>50,895</b>

The group maintains a vulnerability policy that details arrangements to be followed in respect of customers who are identified as being vulnerable. In particular, the policy considers the approach to forbearance in cases of customers who are in temporary financial difficulties and consequently unable to meet their original contractual repayment terms. This arrangement is followed for commercial purposes and the delinquency status, and consequently the level of impairment, is not impacted by this policy.

#### **Foreign Exchange Business**

*Credit Risk for the foreign exchange business is the risk that a loss will be incurred if a bank, customer or counterparty fails to meet its obligations. To minimise this risk the Group has a policy of only dealing with customers who have either demonstrated creditworthiness or can provide sufficient collateral. To determine previous creditworthiness the Group makes use of independent rating agencies, other publicly available information and its own trading records. The Group's exposure and its customers creditworthiness is continually monitored so that any potential problems are detected at an early stage.*

There is no credit exposure that is past due or impaired, or on renegotiated terms. There are no significant concentrations of credit risk within the foreign exchange business. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

#### **Liquidity risk**

Liquidity risk within the Group sits principally with the Bank with minimal exposure for other companies' within the group. The following liquidity risk analysis and tables represents the Bank's position.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group meets its day to day working capital requirements through free cash flow.

Liquidity risk is the risk that the group either does not have available cash or cannot obtain sufficient financial resources to enable it to meet its obligations as they fall due, or only secure such resources at an excessive cost. The group's policy is to maintain liquid assets at all times *which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due in the normal course of business.* The Bank also maintains a contingency funding plan to ensure that it has so far as is reasonably possible, *sufficient liquid resources to meet liabilities as they fall due under a range of severe but plausible stressed scenarios.*

The liquidity policy details liquidity risk limits set by the Board and day-to-day responsibility for ensuring these are adhered to rests with the ALCO. The Bank completes an Individual Liquidity Adequacy Assessment Process ('ILAAP') to assess its compliance with the liquidity systems and control requirements as detailed in the PRA Rulebook.

An important factor supporting the ability of the Bank to raise retail deposits is that all such deposits are covered up to the statutory limit by the Financial Services Compensation Scheme ('FSCS'). Any reduction to the FSCS limit could in theory have an impact on the group's deposit-raising activities and hence on its liquidity. The tables that follow analyses the Bank's assets and liabilities across maturity periods and reflect the residual maturity from the year end date to the contractual maturity date. The actual repayment profile of other customer accounts is likely to be significantly different to that shown in the analysis. Assets classified as held-for sale are included at the expected completion of their relevant sale contracts. In prior year, hire purchase receivables were not classified as held for sale and are included at individual receivables contract maturity. Where relevant, impairments are considered "undated".

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Analysis of gross undiscounted contractual cash flows on the Bank's financial liabilities are detailed below:

	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 year	Undated	Total
Residual maturity as at 28 February 2018	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Cash and balances with central banks	56,920	-	-	-	-	-	56,920
Loans and advances to banks	148,723	2,692	-	-	-	-	151,415
Available for sale investments	-	19,942	25,003	-	-	11,397	56,342
Loans and advances to customers	-	6,618	9,460	13,542	4,184	-	33,804
Hire purchase agreement receivables	-	-	-	-	-	-	-
Current tax asset	-	-	1,224	-	-	-	1,224
Trade Receivables and other assets	-	-	-	1,643	-	2,714	4,357
Assets classified as held for sale	-	-	98,367	-	-	-	98,367
<b>Total assets</b>	<b>205,643</b>	<b>29,252</b>	<b>134,054</b>	<b>15,185</b>	<b>4,184</b>	<b>14,111</b>	<b>402,429</b>
Customer deposits	474	48,941	55,516	55,802	-	-	160,733
Other customer accounts	171,523	-	-	-	-	-	171,523
Derivative liabilities	-	-	-	16	-	-	16
Other liabilities	-	-	-	-	-	24,227	24,227
Liabilities classified as held for sale	-	-	1,047	-	-	-	1,047
<b>Total liabilities</b>	<b>172,079</b>	<b>48,941</b>	<b>56,563</b>	<b>55,818</b>	<b>-</b>	<b>24,227</b>	<b>357,628</b>

	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 year	Undated	Total
Residual maturity as at 28 February 2017	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Cash and balances with central banks	57,567	-	-	-	-	-	57,567
Loans and advances to banks	173,299	2,689	-	-	-	-	175,988
Available for sale investments	-	29,476	29,534	-	-	8,885	67,895
Loans and advances to customers	-	7,141	9,175	13,033	3,661	-	33,010
Hire purchase agreement receivables	-	5,005	20,032	63,388	-	(2,730)	85,695
Derivative assets	-	-	-	520	-	-	520
Other assets	-	-	-	1,523	-	4,383	5,906
Assets classified as held for sale	-	-	9,671	-	-	-	9,671
<b>Total assets</b>	<b>230,866</b>	<b>44,311</b>	<b>68,412</b>	<b>78,464</b>	<b>3,661</b>	<b>10,538</b>	<b>436,252</b>
Customer deposits	822	33,653	38,837	71,485	-	-	144,797
Other customer accounts	193,519	-	-	-	-	-	193,519
Other liabilities	-	-	-	-	-	49,723	49,723
Liabilities classified as held for sale	-	-	638	-	-	-	638
<b>Total liabilities</b>	<b>194,341</b>	<b>33,653</b>	<b>39,475</b>	<b>71,485</b>	<b>-</b>	<b>49,723</b>	<b>388,677</b>

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The following table represents an analysis of gross contractual cash flows payable under financial liabilities. The analysis of gross contractual cash flows differs from the analysis of residual maturity due to the inclusion of projected interest flows until maturity, payable on the amounts outstanding at the balance sheet date.

Undiscounted contractual maturity as at 28 February 2018	On demand £'000's	Up to 3 months £'000's	3 months to 1 year £'000's	1 to 5 years £'000's	More than 5 years £'000's	Undated £'000's	Total £'000's
Customer deposits	556	49,187	56,057	58,878	-	-	164,678
Other customer accounts	171,523	-	-	-	-	-	171,523
Derivative liabilities	-	-	-	16	-	-	16
Other liabilities	-	-	-	-	-	24,227	24,227
Liabilities classified as held for sale	-	-	1,047	-	-	-	1,047
<b>Total liabilities</b>	<b>172,079</b>	<b>49,187</b>	<b>57,104</b>	<b>58,894</b>	<b>-</b>	<b>24,227</b>	<b>361,491</b>

Undiscounted contractual maturity as at 28 February 2017	On demand £'000's	Up to 3 months £'000's	3 months to 1 year £'000's	1 to 5 years £'000's	More than 5 years £'000's	Undated £'000's	Total £'000's
Customer deposits	822	33,850	39,149	75,715	-	-	149,536
Other customer accounts	193,519	-	-	-	-	-	193,519
Other liabilities	-	-	-	-	-	49,723	49,723
Liabilities classified as held for sale	-	-	638	-	-	-	638
<b>Total liabilities</b>	<b>194,259</b>	<b>33,850</b>	<b>39,787</b>	<b>75,715</b>	<b>-</b>	<b>49,723</b>	<b>393,334</b>

#### Interest rate risk

Interest rate risk within the Group sits principally with the Bank with minimal exposure for other companies' within the group. The following interest rate risk analysis and tables represents the Bank's position.

Interest rate risk is the risk of reductions in income and/or reductions in the fair value of financial instruments arising from unfavourable movements in interest rates.

The Bank is exposed to interest rate risk in the form of changes (or potential changes) in the general level of interest rates, changes in the relationship between short and long-term interest rates and potential divergence in the historical relationship between the interest rates applied to different balance sheet items (this last risk is commonly referred to as basis risk).

Interest rate risk is managed to ensure that it is at all times within the Board-approved risk appetite. Each week the ALCO receives and considers a range of MI based on a full interest rate gap analysis for the balance sheet. This includes updated weekly stress testing to consider the impact on the Bank of a two percentage point rise in interest rates as well as a review of basis risk. A change of 100 basis points in interest rates would have resulted in a £440k (2017: £190k) change in net interest revenue reported during the year.

The interest rate repricing for loans to banks and available for sale investment securities reflects the proportion of these balances that are interest bearing. Agreements with prepaid card partners mean that a proportion of such interest is shared between the respective partner and the Bank. Interest rate repricing for hire purchase receivables classified as held for sale are reflected based on the expected completion of the relevant sale contract.

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Interest rate repricing as at 28 February 2018	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non interest bearing	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Cash and balances with central banks	56,920	-	-	-	-	56,920
Loans and advances to banks	151,415	-	-	-	-	151,415
Available for sale investments	19,942	25,003	-	-	11,397	56,342
Loans and advances to customers	6,618	9,460	13,542	4,184	-	33,804
Hire purchase agreement receivables	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	1,224	1,224
Other assets	-	-	1,643	-	2,714	4,357
Assets classified as held for sale	-	91,094	-	-	7,273	98,367
<b>Total assets</b>	<b>234,895</b>	<b>125,557</b>	<b>15,185</b>	<b>4,184</b>	<b>22,608</b>	<b>402,429</b>
Customer deposits	49,497	55,516	55,802	-	-	160,815
Other customer accounts	-	-	-	-	171,523	171,523
Derivative liabilities	-	-	-	-	16	16
Other liabilities	-	-	-	-	24,227	24,227
Liabilities classified as held for sale	-	-	-	-	1,047	1,047
Shareholder funds	-	-	-	-	44,801	44,801
<b>Total liabilities and equity</b>	<b>49,497</b>	<b>55,516</b>	<b>55,802</b>	<b>-</b>	<b>241,614</b>	<b>402,429</b>
Interest rate sensitivity gap	185,398	70,041	(40,617)	4,184	(219,006)	
Cumulative gap	185,398	255,439	214,822	219,006	-	

Interest rate repricing as at 28 February 2017	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non interest bearing	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Cash and balances with central banks	57,566	-	-	-	1	57,567
Loans and advances to banks	175,988	-	-	-	-	175,988
Available for sale investments	29,476	29,534	-	-	8,885	67,895
Loans and advances to customers	7,141	9,175	13,033	3,661	-	33,010
Hire purchase agreement receivables	5,005	17,302	63,388	-	-	85,695
Derivative assets	-	-	-	-	520	520
Other assets	-	-	1,523	-	4,383	5,906
Assets classified as held for sale	-	-	-	-	9,671	9,671
<b>Total assets</b>	<b>275,176</b>	<b>56,011</b>	<b>77,944</b>	<b>3,661</b>	<b>23,460</b>	<b>436,252</b>
Customer deposits	34,475	38,837	71,485	-	-	144,797
Other customer accounts	-	-	-	-	193,519	193,519
Other liabilities	-	-	-	-	49,723	49,723
Liabilities classified as held for sale	-	-	-	-	638	638
Shareholder funds	-	-	-	-	47,575	47,575
<b>Total liabilities and equity</b>	<b>34,475</b>	<b>38,837</b>	<b>71,485</b>	<b>-</b>	<b>291,455</b>	<b>436,252</b>
Interest rate sensitivity gap	240,701	17,174	6,459	3,661	(267,995)	
Cumulative gap	240,701	257,875	264,334	267,995	-	

#### Foreign exchange risk

Foreign exchange risk is the risk that the value of, or net income arising from, assets and liabilities changes as a result of movements in exchange rates. The group manages foreign exchange risk to ensure that it is at all times within the Board-approved risk appetite. It is monitored weekly by the ALCO.

Traditionally the principal area of the Banks's business where foreign exchange risk arises is within the ATM division. This is because Euro and US Dollar notes are held in ATMs prior to them being dispensed and that for certain transactions the Bank receives settlement in a different currency to that of the original transaction.

Other foreign exchange risks across the group arise in the International Currency Exchange foreign currency group, which is now held for disposal. The Group needs to hold sufficient levels of foreign currency to operate its business globally. The Group seeks to manage foreign currency risk by closely monitoring foreign currency levels and is ensuring that there is sufficient currency available to meet foreseeable needs.

The Visa transaction presented in Note 14 also generates foreign exchange exposure at 28 February 2018. The shareholding in Visa Inc. (£10,779k, 2017: £8,848k) is denominated in US Dollar and was unhedged at the balance sheet date. The deferred cash receivable (£1,643k, 2017: £1,523k) is denominated in Euro and during the year a FX swap was entered into to mitigate the FX risk on this receivable. See Note 17.

While a large proportion of Payment Services' cardholder liabilities are in currencies other than Sterling, the corresponding bank balance or investment in debt securities is in the same currency. This provides for a matched position and is the key means by which foreign exchange risk within the division is mitigated: the division is exposed to some other foreign exchange risk because on certain programmes it receives income in Euros, but this is not considered to be material.

The table that follow sets out the Group's exposure to foreign exchange risk at the reporting date:

	Euro	US Dollar	Other	Total
Net foreign exchange exposure at 28 February 2018	£'000's	£'000's	£'000's	£'000's
Cash and balances with central banks	-	-	-	-
Loans and advances to banks	97,818	8,308	11,008	117,134
Available for sale investments	-	38,368	6,779	45,147
Net assets and liabilities held for sale	10,743	9,517	20,274	40,534
Other customer accounts	(89,422)	(34,522)	(17,017)	(140,961)
Derivative liability	(1,684)	-	-	(1,684)
Net other assets/(other liabilities)	(7,347)	(1,461)	(759)	(9,567)
<b>Net position</b>	<b>10,108</b>	<b>20,210</b>	<b>20,285</b>	<b>50,603</b>

	Euro	US Dollar	Other	Total
Net foreign exchange exposure at 28 February 2017	£'000's	£'000's	£'000's	£'000's
Cash and balances with central banks	-	-	-	-
Loans and advances to banks	111,485	18,201	35,617	165,303
Available for sale investments	-	38,191	9,462	47,653
Net assets and liabilities held for sale	4,649	103	-	4,752
Other customer accounts	(93,208)	(34,396)	(18,502)	(146,106)
Net other assets/(other liabilities)	(9,681)	(4,582)	(8,123)	(22,386)
<b>Net position</b>	<b>13,245</b>	<b>17,517</b>	<b>18,454</b>	<b>49,216</b>



#### Foreign exchange sensitivity

The Bank estimates that a 5% movement in exchange rates would impact the results as follows:

Effect on profit before tax	2018 £000's	2017 £000's
<b>Euro</b>		
5% shift up in exchange rate	(231)	(329)
5% shift down in exchange rate	255	364
<b>USD</b>		
5% shift up in exchange rate	(18)	(7)
5% shift down in exchange rate	20	7

Effect on other comprehensive income before tax	2018 £000's	2017 £000's
<b>USD</b>		
5% shift up in exchange rate	(513)	(421)
5% shift down in exchange rate	567	466

#### 22. SHARE CAPITAL

	28 Feb 2018 £000's	28 Feb 2017 £000's
<b>Authorised share capital:</b>		
4,500,000 A Ordinary shares of £1 each	4,500	4,500
25,500,000 B Ordinary shares of £1 each	25,500	25,500
	<b>30,000</b>	<b>30,000</b>
<b>Allotted, called up and fully paid:</b>		
1,715,400 A Ordinary shares of £1 each	1,715	1,715
9,720,600 B Ordinary shares of £1 each	9,721	9,721
	<b>11,436</b>	<b>11,436</b>

#### 23. OTHER RESERVES

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<b>Retained earnings</b>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
<b>Currency translation reserve</b>	Gains/(losses) arising on retranslating the net assets of overseas operations
<b>Available for sale reserve</b>	Gains/(losses) arising on financial assets classified as available for sale.
<b>Other reserves</b>	Other reserve categories not captured above

## 24. RESTATEMENT OF PRIOR PERIOD

The prior year results of the Group have been restated to reflect the impact of the following events:

1. Subsequent to the end of the financial year, one of the Group's subsidiary companies received a revised premises tax calculation for a large airport location. The revised calculation resulted in additional charges being levied and was back dated to 2014. The amount of the historic charges has been determined to be significant and had not been previously estimated. Therefore the prior year results of the Group have been restated to correctly reflect the revised charges in the periods to which they relate.
2. In the prior year, the whole of the Bank's business was classified as a discontinuing operation due to the expectation that the whole business would be disposed of within 12 months of the balance sheet date. In the current year the lending hire purchase, payment services and ATM business lines continue to be classified as discontinued, whilst the remaining business lines in the bank have been reclassified as continuing operations as the disposal outcome for these areas is less certain. This restatement has only resulted in a change to the presentation of the income statement in the prior year with no change to the profit for the year.

The impact on the primary financial statements of these restatements are as follows:

### Impact on Consolidated Statement of Financial Position as on 28<sup>th</sup> Feb 2017

	As published 28 Feb 2017 £000's	Premises tax adjustment £000's	Restated 28 Feb 2017 £000's
Assets included in disposal group classified as held for sale	501,795	86	501,881
Liabilities directly associated with assets classified as held for sale	(412,405)	(752)	(413,157)
<b>Net assets</b>	<b>87,434</b>	<b>(666)</b>	<b>86,768</b>
Retained earnings	73,862	(537)	73,325
Currency translation reserve	361	(129)	232
<b>Equity</b>	<b>87,434</b>	<b>(666)</b>	<b>86,768</b>

### Impact on Consolidated Statement of Financial Position as on 1<sup>st</sup> Mar 2016

	As published 1 Mar 2016 £000's	Premises tax adjustment £000's	Restated 1 Mar 2016 £000's
Assets included in disposal group classified as held for sale	435,960	59	436,019
Liabilities directly associated with assets classified as held for sale	(362,167)	(514)	(362,681)
<b>Net assets</b>	<b>72,318</b>	<b>(455)</b>	<b>71,863</b>
Retained earnings	47,655	(444)	47,211
Currency translation reserve	(2,856)	(11)	(2,867)
<b>Equity</b>	<b>72,318</b>	<b>(455)</b>	<b>71,863</b>

### Impact on Consolidated Statement of Profit and Loss

	As published 28 Feb 2017 £000's	Premises tax adjustment £000's	Reclassification of discontinued operations £000's	Restated 28 Feb 2017 £000's
Revenue	0		2,014	2,014
Administration expenses	(534)		(7,540)	(8,074)
Gain on disposal of available for sale security	0		24,720	24,720
Income Tax Expense	(233)		(3,755)	(3,988)
Profit after tax from discontinued operations	27,740	(93)	(15,439)	12,209
<b>Profit for the year</b>	<b>27,706</b>	<b>(93)</b>	<b>0</b>	<b>27,613</b>
Attributable to :				
<b>Owners of the parent</b>	<b>26,557</b>	<b>(93)</b>	<b>0</b>	<b>26,464</b>

## 25. OPERATING LEASE COMMITMENTS

At the year end the Group had total future minimum lease payments as set out below (the Company had no such commitments):

Group	28 Feb 2018	28 Feb 2017
	£000's	£000's
<i>Land and Buildings</i>		
No later than one year	51,261	52,268
Later than one year and not later than five years	101,179	126,392
Later than five years	20,554	19,229
	<b>172,994</b>	<b>197,889</b>

The trading branches have entered into various concession agreements at airport locations that carry their business. These agreements call for concession fees based on either a fixed or variable fee. The variable fee is based on a percentage of revenue. Concession fees at some locations are based on the greater of minimum annual guaranteed rent (MAG) or a percentage of gross revenues.

## 26. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those, of the Group in an independently administered fund. Contributions for the current year amounted to £1,027,000 (2017: £694,000). Contributions totalling £133,000 (2017: £138,000) were payable to the fund at the balance sheet date.

## 27. FINANCE LEASES

At the year end the Group had total future minimum finance lease payments as set out below:

Consolidated	28 Feb 2018	28 Feb 2017
	£000's	£000's
	Lease payments	Lease payments
No later than one year	113	76
Later than one year and not later than five years	305	183
Later than five years	50	-
	<b>468</b>	<b>259</b>

These balances form part of the disposal group classified as non-current assets/liabilities held for sale. The finance leases relate to various items of security equipment and signage rented for use in foreign exchange bureaux, as well as a building in France. The rental terms are for 3-5 years and renew automatically unless cancelled in advance by a Group company.

## 28. NON-CASH ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

### Group

Adjustments	2018	2017
	£000's	£000's
Gain on disposal of subsidiaries	-	736
Interest and dividend income	(2)	-
Interest expense	1	(3)
Operating cash flow from continuing operations before movement in working capital	(1)	733
(Increase) in trade and other receivables	(491)	2
(Decrease)/increase in trade and other payables	16,238	(4,491)
Total changes in working capital	15,747	(4,489)

### Company

Adjustments	2018	2017
	£000's	£000's
Interest and dividend income	(3)	-
Interest expense	1	3
Impairment of subsidiary	50	-
Operating cash flow before movement in working capital	48	3
(Increase) in trade and other receivables	(491)	(2)
Increase in trade and other payables	16,238	(4,491)
Total changes in working capital	15,747	(4,493)

## 29. CONTINGENT LIABILITIES

The company is party to a cross guarantee arrangement with other Group companies to secure bank facilities. The contingent liability in respect of guarantees of borrowings by other Group companies at 28 February 2018 amounted to £21,547,883 (2017: £18,799,806).

## 30. GUARANTEES

The following Group companies are exempt from the requirements of Companies Act 2006 relating to the audit of individual accounts by virtue of s479a of Companies Act 2006:

- Hoopoe Investments Limited
- Hoopoe Finance Limited
- Exchange Corporation Europe Limited

Lenlyn Holdings Limited has undertaken to guarantee all outstanding liabilities to which these subsidiary companies are subject to at the end of the current financial year, until such liabilities are satisfied in full.

The guarantee will be enforceable against Lenlyn Holdings Limited by any person to whom the subsidiary companies is liable in respect of those liabilities.

### 31. RELATED PARTIES

Key management personnel remuneration includes the following:

	2018	2017
	£000's	£000's
Salaries and other short term benefits	513	335
Total remuneration	513	335

At the end of the year the parent Company had balances due to subsidiary companies totalling £17,403,000 (2017: £15,042,000).

During the year an amount of £46,000 (2017: £46,000) was incurred in rent to Turville Estates (UK) limited for the use of a property in Aylesbury by R. Raphael & Sons PLC (the Bank). At the balance sheet date, no balance was payable to Turville Estates (UK) Limited (2017: £nil). Ms Anthea Frost who used to be a Director of the Bank (Resigned 02/06/2017) is also a Director of Turville Estates (UK) Limited.

There are amounts due from directors to the Company of £402,000 (2017: £nil). These balances can be broken down into individual loans as follows:

	28 Feb 2018	28 Feb 2017
	£000's	£000's
Director 1	102	-
Director 2	91	-
Director 3	109	-
Director 4	100	-
	402	-

### 32. ULTIMATE CONTROLLING PARTY

At 28 February 2018, the Group was controlled by its shareholders, who are also Directors, as shown in the Directors' report.

### 33. POST BALANCE SHEET EVENTS

Since 28 February 2018, the Board of R. Raphael & Sons PLC has taken a decision to cease writing new motor loans, with the various stakeholders including staff and brokers informed of this decision in May 2018. Subsequently, on the 6th July 2018 the Bank has completed an agreement to sell the outstanding motor loan receivables. The fair value of the loan balances has been compared to the carrying value and this has led to write down to recoverable value at the February 2018 year-end of £2.6m.

### 34. CAPITAL MANAGEMENT POLICY AND PROCEDURES

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern
- To provide an adequate return to shareholders
- To maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The Group monitors capital on the basis of the carrying amount of equity plus loan, less cash and cash equivalents as presented on the face of the statement of financial position.

Both the Lenlyn Holdings Limited Group and its banking subsidiary R. Raphael & Sons PLC are regulated bodies. It is the Group and the Bank's policy to maintain capital resources above the minimum required by the PRA and to maintain appropriate capital buffers as required under Capital Requirements Directive. The primary means of achieving this is by ensuring that it generates sufficient levels of profits and that an appropriate amount of such profits is retained and added to reserves.

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The Group and the Bank each undertake Internal Capital Adequacy Assessment Plans ('ICAAP') which are reviewed and adopted by each Board. The primary objective of an ICAAP is to evidence that the entity's capital resources are sufficient to enable it to achieve its strategic objectives under normal market conditions but also that it has sufficient capital to survive periods of stress.

The ICAAP process involves reviewing all risks to which the Group and the Bank is exposed or potentially could be exposed and making an assessment of the capital required to mitigate the potential impact of those risks down to a level that is consistent with the Board-approved risk appetite and in accordance with regulatory requirements. An integral part of the process is to subject the Group and the Bank's base case forecasts for the next five years to a range of stresses. Such stresses will consider events that might be only specific to the Group and the Bank, events that have a more market-wide impact and a combination of both types of events. Stress testing also includes combining several individual tests together to create extreme but plausible adverse scenarios that could impact the Group and the Bank. The final part of the process is to identify what management actions might be possible to mitigate any impact on the Group and the Bank, and the time it might take to return to more normal operating conditions.

To help assess the ongoing adequacy of capital, the Group and the Bank has established an overall appetite for each of the main risks to which it is exposed and established tolerances for each such risk, within which the Group and the Bank is expected to operate. Furthermore each operating division of the Group and the Bank has its own more detailed risk tolerances that are consistent with those established for the Group and the Bank overall. The Group and the Bank's performance against these tolerances is monitored regularly at divisional level and reviewed at least monthly by the EXCO and the Board.

The following reflects the regulatory capital resources managed by the Group and the Bank:

	Group		Bank	
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Share capital	11,436	11,436	13,600	13,600
Share premium	-	-	900	900
Currency translation reserve	(1,506)	361	-	-
Available for sale reserve	3,288	1,613	3,288	1,613
Retained earnings	67,573	73,862	27,013	31,462
Other reserves	(552)	(552)	-	-
Deduct: Investments	(3,863)	(1,074)	(6,983)	(4,700)
Deduct: Disallowable Intangibles	(3,226)	(5,095)	(979)	(832)
Deduct: Prudent valuation adjustment	(56)	(69)	(56)	(69)
Deduct: Deferred tax asset	(1,621)	(1,306)	-	-
<b>Common equity tier 1 capital</b>	<b>71,473</b>	<b>79,176</b>	<b>36,783</b>	<b>41,974</b>
Credit impairment allowance against loans incurred not yet impaired	-	374	-	374
<b>Total regulatory capital</b>	<b>71,473</b>	<b>79,550</b>	<b>36,783</b>	<b>42,348</b>

The capital calculation incorporates the Group position before any reclassification of discontinued operations to assets/liabilities held for sale.

35. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries

Company name	Country	Percentage shareholding	Description
Lenlyn U.K. Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Retail and wholesale bureaux de change and affiliated services
ICE Commercial Services Malaysia SDN BHD	No 45A, Jalan BK 5B/1B, Bandar Kinrara 5B, 47180 Puchong, Selangor Darul Ehsan Malaysia	70	Retail and wholesale bureaux de change
Lenlyn Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Retail and wholesale bureaux de change and affiliated services
Exchange Corporation (Europe) Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Investment holding
Hoopoe Investments Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Investment holding
Hoopoe Finance Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Leasing, hire-purchase and related activities
R. Raphael & Sons PLC	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Banking and financial services
Southern Finance Company Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Motor finance
International Currency Exchange Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Retail and wholesale bureaux de change and affiliated services
International Currency Exchange (Europe) Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Dormant
ICE Processing Technologies Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Dormant
Currency Express Limited	19-21 Shaftesbury Avenue, London W1D 7ED, England and Wales	100	Dormant
International Currency Services Australia Pty Limited	Shop 13, Eddy Avenue Ramp, Central Railway Station, Sydney, NSW 200, Australia	100	Retail and wholesale bureaux de change and affiliated services
International Currency Exchange Bulgaria EOOD	Sofia international airport, 1CHR. Columbus Blvd, 1540 Sofia, Bulgaria	100	Retail and wholesale bureaux de change and affiliated services
Exchange Corporation Canada INC	Unit 206, 4831 Miller Road, Richmond, BC V7B 1K6, Canada	100	Retail and wholesale bureaux de change and affiliated services
International Currency Exchange (Hong Kong) Limited	1/F, Kai Tak Cruise Terminal 33 Shing Fung Road, Kowloon Hong Kong, China	90	Retail and wholesale bureaux de change and affiliated services
Exchange Corporation Netherlands B.V.	The Netherlands	100	Retail and wholesale bureaux de change and affiliated services
Exchange Corporation d.o.o	Zračna luka Dubrovnik, Čilipi 20213, Croatia	100	Retail and wholesale bureaux de change and affiliated services
International Currency Exchange Czech Republic s.r.o	Václavské náměstí 55, 110 00 PRAHA 1, Czech Republic	100	Retail and wholesale bureaux de change and affiliated services
Currency Express Sp. Z.o.o	Poland	100	Retail and wholesale bureaux de change and affiliated services
ICE Romania S.r.l	Romania	100	Dormant
International Currency Exchange (France) S.A.S	57 rue Saint Anne, Paris 75002, France	100	Retail and wholesale bureaux de change and affiliated services
International Exchange (INTEX) GmbH	Kirchenallee 57, 20099 Hamburg, Germany	100	Retail and wholesale bureaux de change and affiliated services

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ICE Hungary Money Exchange & Services LLC	Hungary	100	Dormant
International Currency Exchange Macedonia LLC SKOPJE	Skopje Alexander the Great Airport, Arrivals hall, Petrovec 1043, Macedonia	100	Retail and wholesale bureaux de change and affiliated services
Bristol Investments Limited	Mauritius	100	Investment holding
ICE Currency Services Centro Cambiario SA	Mazatlan, Sinaloa, C.P. 82269 Mexico	100	Retail and wholesale bureaux de change and affiliated services
ICE Commercial Services Beijing Ltd	A-2502 Topbox No. 69 Beichen West Street, Chaoyang District Beijing, China 10029	90	Retail and wholesale bureaux exchange and affiliated services
Chengdu ICE Commercial Services Limited	Chengdu Shuangliu International Airport Chengdu, Sichuan Province, China 610202	90	Retail and wholesale bureaux exchange and affiliated services
Dalian ICE Commercial Services Limited	Dalian Zhoushuizi International Airport Dalian, Liaoning Province, China 116033	90	Retail and wholesale bureaux exchange and affiliated services
Guangzhou ICE Commercial Services Limited	Guangzhou Baiyun International Airport Guangzhou, Guangdong Province, China 510406	90	Retail and wholesale bureaux exchange and affiliated services
Shanxi ICE Commercial Services Limited	Xi'an Xianyang International Airport Xi'an, Shanxi Province, China 710075	90	Retail and wholesale bureaux exchange and affiliated services

**Joint ventures**

Company name	Country	Percentage shareholding	Description
Payline by ICE Limited	Suite 315, 877 Goldstream Ave Victoria, BC, V9B 2XB	50	Retail and wholesale online foreign currency exchange services
Ge Hua International Culture Finance Services (Beijing) Limited	401 No.2 Building, No.1 Jinhang Middle Street, Shunyi District Beijing, China 101318	30	Retail and wholesale bureaux exchange and affiliated services
ICE – ZHANGJIANG Business Consultancy Co. Limited	5006 Creative Building, No.1559, Zuchongzhi Street, Zhangjiang Hi-Tech Park, Shanghai, China 201203	49	Retail and wholesale bureaux exchange and affiliated services