

Company No. 04311952

**IBRC EQUITY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

WEDNESDAY



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## **IBRC EQUITY LIMITED**

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**IBRC EQUITY LIMITED**

**Directors**

F G Parker  
T P Walsh

**Secretary**

F G Parker

**Auditor**

Deloitte LLP  
London  
United Kingdom

**Bankers**

Barclays Bank plc  
Barclays Corporate  
Level 11  
1 Churchill Place  
London  
E14 5HP

**Registered office**

C/o Hold Store Limited  
Unit 33A, Enterprise House  
44-46 Terrace Road  
Walton on Thames  
Surrey  
KT12 2SD

**Registered number**

04311952

**Country of incorporation**

The United Kingdom

# **IBRC EQUITY LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of IBRC Equity Limited ('the Company') together with the financial statements and audit report for the year ended 30 June 2018.

### **1. PARENT COMPANY**

The Company is a wholly owned subsidiary of Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'), incorporated in the Republic of Ireland, the parent undertaking. The registered address of IBRC is at 1 Stokes Place, St. Stephens Green, Dublin 2, Ireland.

On 7 February 2013, the Irish Minister for Finance, made an Order pursuant to Section 4 of the Irish Bank Resolution Corporation Act, 2013 (the "Act") providing for the winding-up of the parent undertaking, IBRC, under the provisions of the Act. Pursuant to the same Order, Mr. Kieran Wallace and Mr. Eamonn Richardson (the "Joint Special Liquidators") of KPMG, 1 Stokes Place, St. Stephen's Green, Dublin 2 were appointed joint special liquidators of IBRC with all of the duties and powers conferred upon them by the Act.

### **2. STRATEGIC REPORT AND PRINCIPAL ACTIVITY**

The Company is entitled to the small companies exemption under Section 414B Companies Act 2006 permitting it not to have to prepare a strategic report. The principal activity of the Company is to recover remaining assets and complete an orderly dissolution of the Company.

### **3. RESULTS FOR THE YEAR AND STATE OF AFFAIRS AS AT 30 JUNE 2018**

The results for the year and the statement of financial position at 30 June 2018 are set out, respectively, on pages 8 and 9. The loss after taxation for the period amounted to £6,112 (2017: £6,113). Total shareholders' equity as at 30 June 2018 amounted to £127,368 (2017: £133,480).

### **4. DIVIDEND**

The directors do not propose the payment of a dividend in respect of the year ended 30 June 2018 (2017: £Nil).

### **5. GOING CONCERN**

During 2015, the Joint Special Liquidators of IBRC have decided that, contrary to previous indications, amounts will now be paid to unsecured creditors of IBRC although the percentage payable is currently unknown. As the Company has amounts due from IBRC which were fully provided for in 2013, the directors will continue to operate the Company until this matter is resolved. We still await admission of amounts due from IBRC into its special liquidation. Once admitted and a decision has been made on the distributions to unsecured creditors of IBRC and these are appropriately dealt with it is the directors' intention to dissolve the Company.

On the basis of the above assessment, the Directors have prepared the annual financial statements on a basis other than that of a going concern.

### **6. FUTURE DEVELOPMENTS**

As indicated in section 5 - Going Concern, the key focus of the Company going forward will be the orderly realisation of its assets.

## IBRC EQUITY LIMITED

### DIRECTORS' REPORT continued

#### 7. RISK MANAGEMENT

Details of the principal risks facing the Company and the management of such risks are detailed in note 9 of these financial statements.

#### 8. DIRECTORS AND SECRETARY

F G Parker and T P Walsh served as directors throughout the year and will continue in office in accordance with the articles of association. F G Parker served as secretary throughout the year. The directors and secretary had no interest in the shares of the Company during the year.

#### 9. AUDITOR

Each of the persons who is a director at the date of approval of the report confirms that:

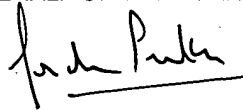
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

REGISTERED OFFICE:  
C/o Hold Store Limited  
Unit 33A, Enterprise House  
44-46 Terrace Road  
Walton on Thames  
Surrey  
KT12 2SD

ON BEHALF OF THE BOARD:



F G Parker - Director  
Date: 27 March 2019

## **IBRC EQUITY LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 require that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

*The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.*

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC EQUITY LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of IBRC Equity Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive loss
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

### **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 Financial Reporting Council's (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.

### **Emphasis of matter - Financial statements prepared other than on a going concern basis**

We draw attention to note 1.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC EQUITY LIMITED (Continued)**

### **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 respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 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.

### **Report on other legal and regulatory requirements**

#### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC EQUITY LIMITED (Continued)

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

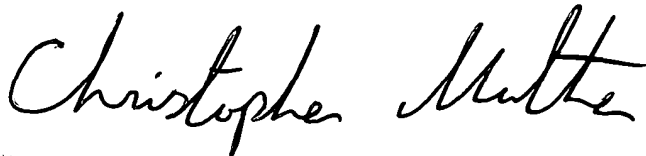
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report .

We have nothing to report in respect of these matters.

### Use of our 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.



Christopher Mather FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 27 March 2019

**IBRC EQUITY LIMITED****Statement of comprehensive loss**

For the year ended 30 June 2018

		Year ended 30 Jun 2018	Year ended 30 Jun 2017
	Note	£	£
<b>Discontinued operations</b>			
Revenue	3	-	-
Administrative expenses		(6,112)	(6,113)
Impairment loss	7	-	-
Loss before taxation	5	(6,112)	(6,113)
Taxation credit	6	-	-
<b>Loss for the year</b>		(6,112)	(6,113)
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year attributable to the equity holders of the Company</b>		(6,112)	(6,113)

The notes on pages 12 - 17 form part of these financial statements.

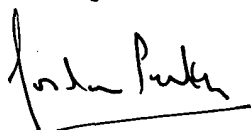
**IBRC EQUITY LIMITED**  
**Statement of financial position**  
**As at 30 June 2018**

		30 June 2018	30 June 2017
	Notes	£	£
<b>Current assets</b>			
Other assets	7	-	78
Cash and cash equivalents		133,368	139,402
<b>Total assets</b>		<u>133,368</u>	<u>139,480</u>
<b>Current liabilities</b>			
Accruals		6,000	6,000
<b>Total liabilities</b>		<u>6,000</u>	<u>6,000</u>
<b>Shareholders' equity</b>			
Share capital	8	1	1
Retained earnings		127,367	133,479
Shareholders' funds		127,368	133,480
<b>Total shareholders' equity and liabilities</b>		<u>133,368</u>	<u>139,480</u>

The notes on pages 12 - 17 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 March 2019.

They were signed on its behalf by:



F.G. Parker  
Director

Date: 27 March 2019

Company number: 04311952

**IBRC EQUITY LIMITED****Statement of changes in equity****For the year ended 30 June 2018**

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 01 July 2016</b>	1	139,592	139,593
Total comprehensive loss for the year	-	(6,113)	(6,113)
<b>Balance at 30 June 2017</b>	1	133,479	133,480
Total comprehensive loss for the year	-	(6,112)	(6,112)
<b>Balance at 30 June 2018</b>	1	127,367	127,368

The notes on pages 12 - 17 form part of these financial statements.

**IBRC EQUITY LIMITED****Statement of cash flows****For the year ended 30 June 2018**

	Year ended 30 Jun 2018 £	Year ended 30 Jun 2017 £
Loss before taxation	(6,112)	(6,113)
<b>Adjustment for non-cash items</b>		
Decrease / (increase) in sundry debtors	78	(78)
<b>Net cash flows used in operating activities</b>	(6,034)	(6,191)
 <b>Net decrease in cash and cash equivalents</b>	(6,034)	(6,191)
Opening cash and cash equivalents	139,402	145,593
 <b>Closing cash and cash equivalents</b>	133,368	139,402

The notes on pages 12 - 17 form part of these financial statements.

# **IBRC EQUITY LIMITED**

## **Notes to the financial statements**

### **1 General information and accounting policies**

#### **1.1 General information**

The Company is a private limited company registered in England and Wales and incorporated in the United Kingdom and acted as a general partner to a Limited Partnership. The principal activity of the Company is to recover remaining assets and complete an orderly dissolution of the Company.

#### **1.2 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and applied in accordance with the Companies Act 2006, and as applicable at 30 June 2018.

The financial statements have been prepared under the historical cost convention. They are presented in Sterling.

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underline the preparation of the financial statements, to select multiple accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. The description of the significant accounting estimates and judgements is set out in note 1.10.

#### **1.3 Going concern**

During 2015, the Joint Special Liquidators of IBRC have decided that, contrary to previous indications, amounts will now be paid to unsecured creditors of IBRC although the percentage payable is currently unknown. As the Company has amounts due from IBRC which were fully provided for in 2013, the directors will continue to operate the Company until this matter is resolved. We still await admission of amounts due from IBRC into its special liquidation. Once admitted and a decision has been made on the distributions to unsecured creditors of IBRC and these are appropriately dealt with it is the directors' intention to dissolve the Company.

On the basis of the above assessment, the Directors have prepared the annual financial statements on a basis other than that of a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

#### **1.4 Adoption of new accounting standards**

A number of amendments and interpretation to IFRS have been published that first apply from 1 July 2017. These have not resulted in any material changes to the Company's accounting policies.

#### **1.5 Revenue recognition**

Revenue represented the partnership profits receivable including income and gains on investment interests, and is stated net of Value Added Tax.

# IBRC EQUITY LIMITED

## Notes to the financial statements continued

### 1 General information and accounting policies continued

#### 1.6 Foreign currency translation

##### *Functional and presentational currency*

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

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are recognised in the statement of comprehensive loss. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### 1.7 Financial assets

Financial assets are classified as loans and receivables and relate to amounts due from the parent undertaking. Management determines the classification of its investments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money to a counterparty with no intention of trading the receivables. Loans and receivables are initially recognised at fair value, including direct and incremental costs, and are subsequently carried on an amortised cost basis. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

#### 1.8 Impairment of financial assets

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of permanent impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of a financial asset exceeds its long-term estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive loss.

#### 1.9 Financial liabilities

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at either amortised cost or fair value through profit or loss. All liabilities, other than those designated at fair value through profit or loss, are subsequently carried at amortised cost. For financial liabilities measured at amortised cost, any difference between initial fair value and the redemption value is recognised in the statement of comprehensive loss using the effective interest rate method.

#### 1.10 Accounting estimates and judgements

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the end of each reporting date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes may differ from those estimates.

There were no key sources of estimation uncertainty.

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### *Other Assets*

Amounts due from the parent undertaking have been fully impaired in earlier years. These amounts have not yet been accepted as claims in the special liquidation of IBRC and consequently the directors continue to carry amounts due from the parent undertaking at a nil carrying value. Further details are given in note 7.

##### *Deferred Tax Asset*

The Company has deferred tax assets which are not being recognised as it is not anticipated that the Company will generate taxable profits in the foreseeable future. Further details are given in note 6.

# IBRC EQUITY LIMITED

## Notes to the financial statements continued

### 1 General information and accounting policies continued

#### 1.11 Standards issued but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers (and the related Clarifications)
- IFRS 16 - Leases

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

#### 1.12 Statement of cash flows

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits.

#### 1.13 Taxation (current and deferred)

Current tax is the expected tax payable (shown as a liability) or the expected tax receivable (shown as an asset) on the taxable income for the period adjusted for changes to previous years and is calculated based on the applicable tax law in the United Kingdom. Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities for taxation purposes and their carrying amounts in the financial statements. Current and deferred taxes are determined using tax rates based on legislation enacted or substantively enacted at the financial reporting date and expected to apply when the related tax asset is realised or the related tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which temporary differences will be utilised.

Current and deferred taxes are recognised in the statement of comprehensive loss in the period in which the profits or losses arise except to the extent that they relate to items recognised directly in equity, in which case taxes are also recognised in equity. Deferred and current tax assets and liabilities are only offset where there is both the legal right and intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2 Segmental reporting

The Company only has one reporting segment which is investment and one geographic segment which for reporting purposes is the United Kingdom.



# IBRC EQUITY LIMITED

## Notes to the financial statements continued

	Year ended 30 Jun 2018	Year ended 30 Jun 2017
	£	£
<b>3 Revenue</b>		
Investment income and profit share	-	-

## 4 Directors' emoluments

The directors received no remuneration during the year (2017: £nil). The Company has no employees (2017: none).

## 5 Loss before taxation

The audit fee relating to the Company was £5,000 (2017: £5,000).

	Year ended 30 Jun 2018	Year ended 30 Jun 2017
	£	£
<b>6 Taxation</b>		
<b>Corporation tax</b>		
- Current year	-	-
- Prior year	-	-
	-	-
Effective tax rate	0%	0%

Taxation of other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction under the applicable requirements of that jurisdictions' tax code.

The reconciliation of total tax on loss on ordinary activities at the standard corporation tax rate to the Company's actual total tax charge is analysed as follows:

Loss before taxation	(6,112)	(6,113)
Loss on ordinary activities before taxation at 19% (2017: 19.75%)	(1,161)	(1,207)
Effects of:		
Current year losses where no deferred tax asset is recognised	1,161	1,207
Total taxation	-	-

The UK has passed legislation to reduce the UK tax rate from 19% to 17% from 1 April 2020. As the Company has neither a deferred tax asset nor a deferred tax liability, there is no impact on the Company's results.

The Company has not recognised a deferred tax asset of £3,381 in respect of losses carried forward (2017: £2,342). This is due to no profits being anticipated in the future. The gross value of the unutilised taxation losses carried forward is £19,899 (2017: £13,777).

# IBRC EQUITY LIMITED

## Notes to the financial statements continued

7 Other assets	30 Jun 2018	30 Jun 2017
	£	£
Sundry debtors	-	78
Amount due from parent undertaking	-	-
	<u>-</u>	<u>78</u>

The amounts due from the parent undertaking are provided interest free and with no fixed terms of repayment. Full provision was made against amounts due from IBRC in 2013 of £513,982 under the heading "Impairment Loss". This provision was created in 2013 given the fact that IBRC entered special liquidation on 7 February 2013.

Given the fact that the joint special liquidators of IBRC decided during 2015 that amounts will now be payable to unsecured creditors of IBRC, it is likely that part or all of the provisions made in 2013 will be reversed in subsequent periods depending on the level of payment made to unsecured creditors by IBRC. These amounts have not been admitted into the liquidation by the joint special liquidators and no details have yet been made available as to the likely level of payment to this unsecured creditor of IBRC. Therefore, the directors have not recognised any reversal of the provisions until such information is available with certainty.

8 Share capital	30 Jun 2018	30 Jun 2017
	£	£
<b>Ordinary share capital</b>		
Ordinary shares of £1 each		
Authorised: 1,000 Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid	<u>1</u>	<u>1</u>

## 9 Risk management and control

The Company is subject to a variety of risks and uncertainties in the normal course of its business activities. The principal risks and uncertainties facing the Company relate to credit risk on its amounts due from the ultimate parent undertaking and amounts due from the Company's bankers.

### Credit risk

Credit risk is the risk that the Company will suffer financial loss from a counterparty failure to pay interest, repay capital or meet a commitment. The Company's only credit risk relates to amounts due from its parent undertaking, IBRC and on amounts due from the Company's bankers.

### Market risk

Market risk is the risk of a potential adverse change in income or financial position arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the statement of financial position. Market risk primarily arises from exposure to changes in exchange rates and interest rates.

All of the Company's unimpaired assets and liabilities are denominated in sterling. Hence there is minimal levels of currency risk exposure.

The Company's financial assets and liabilities have no interest rates applied to them so the Company does not suffer interest rate risk. All financial assets and liabilities are held at amortised cost.

### Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources available at all times to meet its contractual and contingent cash flow obligations or can only secure these resources at excessive cost.

# **IBRC EQUITY LIMITED**

## **Notes to the financial statements continued**

### **9 Risk management and control - continued**

#### **Operational risk**

Operational risk is the risk of loss arising from inadequate controls and procedures, unauthorised activities, outsourcing, human error, systems failure and business continuity. Due to the limited nature of the Company's activities it is difficult for the Company to suffer an operational error.

The management of operational risk is monitored by the Board of Directors.

#### **Compliance risk**

The directors are responsible for ensuring that the Company is compliant with all relevant laws and best practice guidelines. Non compliance can give rise to reputational loss, legal or regulatory sanctions or material financial loss.

The Directors monitor the activities of the Company and take appropriate advice to ensure that the Company continues to be compliant with all of its obligations.

### **10 Capital management**

The objectives of the Company's capital management policy is to efficiently manage the capital base to optimise the return of the Company.

The responsibility for capital adequacy rests with the directors. The directors manage the capital structure and make adjustments to it in light of changes in economic conditions or changes in the risk profile of assets.

Given the limited activity of the Company, no capital position is presented.

### **11 Parent company and ultimate parent undertaking**

The Company is a wholly owned subsidiary of Irish Bank Resolution Corporation Limited - in special liquidation, incorporated in the Republic of Ireland, the parent company and ultimate parent undertaking.

### **12 Related party transactions**

The Company has provided a loan to the parent undertaking of the company, IBRC. The balance before impairment on this loan at 30 June 2018 was £646,126 (2017: £655,044). The loans are interest free with no fixed term of repayment. The movement in the balance before impairment between 2018 and 2017 represents the FX movements in the gross balances matched by an equal and opposite movement in FX differences on the impairment provision.

Full provision was made against the net amounts due from IBRC in 2013 given the entry of IBRC into special liquidation on 7 February 2013. In due course once there is certainty around payments to unsecured creditors of IBRC part or all of these provisions, and credits thereto, will be reversed as detailed in note 7.

There were no other related party transactions or balances requiring disclosure.

### **13 Events after the balance sheet date**

Since 30 June 2018, there have been no events that require disclosure in or adjustment to the Financial Statements.