SEASPIRIT LEASING LIMITED

Annual report and financial statements for the year ended 31 December 2015

Member of Lloyds Banking Group

Registered Number 04449174

DIRECTORS

C G Dowsett
G A Fox
R O Williams

COMPANY SECRETARY

M A A Johnson

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

BANKERS

Bank of Scotland plc
The Mound
Edinbugh
EH1 1YZ

REGISTERED OFFICE

25 Gresham Street
London
EC2V 7HN

COUNTRY OF INCORPORATION

England and Wales

REGISTERED COMPANY NUMBER

04449174

DIRECTORS' REPORT

The directors present their report and audited financial statements of Seaspirit Leasing Limited ("the company") for the year ended 31 December 2015

The company qualifies as a small company in accordance with Sections 381-382 of the Companies Act 2006 (the "Act") and the directors' report has therefore been prepared taking into consideration the provisions of Part 15 of the Act

REVIEW OF BUSINESS

During the year, the principal activity of the company was the management of financial assets and liabilities and this is likely to continue for the foreseeable future

The results of the company show a loss before taxation of £169,000 (2014 £14,549,000 loss) for the year as set out in the statement of comprehensive income on page 6

The company has net deficit on shareholder's equity of £31,976,000 (2014 £23,735,000)

The company is reliant on funding provided by Lloyds Banking Group plc The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the company, will continue to receive funding in the future and, accordingly, the financial statements have been prepared on a going concern basis

DIVIDENDS

The directors did not authorise or pay any dividends during the year (2014 £nil)

DIRECTORS

The names of the directors of the company are shown on page 1 There were no changes in directors during the year

No director had any interest in any material contract or arrangement with the company during or at the end of the year

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with 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, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Act 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

In accordance with Section 418 of the Act, in the case of each director in office at the date the directors' report is approved

- so far as the director is aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

DIRECTORS' INDEMNITIES

Lloyds Banking Group plc has granted to the directors of the company a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Act The deed was in force during the whole of the financial year and at the date of approval of the financial statements The indemnity remains in force for the duration of a director's period of office The deed indemnifies the directors to the maximum extent permitted by law The deed for existing directors is available for inspection at the registered office of Lloyds Banking Group plc In addition the Group has in place appropriate directors' and officers' liability insurance cover which was in place throughout the financial year

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS' APPOINTMENT

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Act

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are managed within the framework established for the Lloyds Banking Group plc group of companies ("the Group") and are not managed separately For further details please refer to note 12 'Risk management of financial instruments' in these financial statements

KEY PERFORMANCE INDICATORS ('KPIs')

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

On behalf of the board

G A Fox
Director

Date 22/08/16

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEASPIRIT LEASING LIMITED

Report on the Financial Statements

Our opinion

In our opinion, Seaspirit Leasing Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss and cash flows 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

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise

- the Statement of Comprehensive Income for the year ended 31 December 2015,
- the Balance Sheet as at 31 December 2015,
- the Statement of Changes in Shareholder's Equity for the year then ended,
- the Cash Flow Statement for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

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

Entitlement to exemptions

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEASPIRIT LEASING LIMITED (CONTINUED)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

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

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

In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Mark Hoskyns-Abrahall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Edinburgh

Date 26 August 2016

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Finance income	2	126	1,265
Finance costs	3	(315)	(7,026)
		(189)	(5,761)
Other operating income	4	4	-
Other operating expenses	5	-	(12,069)
Foreign exchange gain		16	3,281
Loss before taxation	6	(169)	(14,549)
Taxation charge	7	(8,072)	(9,015)
Loss after taxation and total comprehensive loss for the year attributable to owners of the parent		(8,241)	(23,564)

The accompanying notes on pages 10 to 16 are an integral part of the Financial Statements

There is no Other Comprehensive Income for the current or prior year

BALANCE SHEET
As at 31 December 2015

	Note	2015 £000	2014 £000
Assets			
Current assets			
Amounts owed by group companies	8	26,136	54,978
Other debtors		-	481
Total current assets		26,136	55,459
Total assets		26,136	55,459
Liabilities			
Current liabilities			
Amounts owed to group companies	9	55,251	76,564
Other creditors		2,861	2,630
Total current liabilities		58,112	79,194
Equity			
Share capital	11	-	-
Accumulated losses		(31,976)	(23,735)
Total equity		(31,976)	(23,735)
Total liabilities and equity		26,136	55,459

The financial statements on pages 6 to 16 were approved by the Board of Directors on 22/08/16 and signed on its behalf by

G A Fox
Director

Registered Number 04449174

The accompanying notes on pages 10 to 16 are an integral part of the Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital	Accumulated losses	Total equity
		£000	£000	£000
Balance at 31 December 2013		-	(171)	(171)
Total comprehensive loss for the year				
Loss for the year		-	(23,564)	(23,564)
Balance at 31 December 2014	11	-	(23,735)	(23,735)
Total comprehensive income for the year				
Loss for the year		-	(8,241)	(8,241)
Balance at 31 December 2015	11	-	(31,976)	(31,976)

The accompanying notes on pages 10 to 16 are an integral part of the Financial Statements

CASH FLOW STATEMENT
For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Loss before taxation		(169)	(14,549)
Less non cash items			
Foreign exchange movement		(16)	(3,281)
Operating cash flows before movements in working capital		(185)	(17,830)
Decrease in receivables		481	342,031
(Decrease)/Increase in payables		186	6,150
Cash generated by operations		482	330 351
Group relief (paid)/received		(27,258)	1,994
Net cash flow from operating activities		(26,776)	332,345
Financing activities			
Decrease in bank borrowings		(2,092)	(285,447)
Net cash flow from financing activities		(2,092)	(285,447)
Exchange losses on cash and cash equivalents		1	-
Net (decrease)/increase in cash and cash equivalents		(28,867)	46,898
Cash and cash equivalents at beginning of the year		54,977	8,079
Cash and cash equivalents at end of the year		26,110	54,977
Cash and cash equivalents are comprised of			
Cash at bank	8	110	77
Bank deposits	8	26,000	54,900
		26,110	54,977

The accompanying notes on pages 10 to 16 are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

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

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, under the historical cost convention

The financial statements have been prepared in accordance with Companies Act 2006 applicable to companies reporting under IFRSs

The financial statements also comply with the relevant provisions of Part 15 of the Companies Act 2006

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future The validity of this assumption depends on the continuing financial support provided by Bank of Scotland plc After making appropriate enquiries, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected The accounting policies deemed critical to the company's results and financial position, based upon materiality and significant judgements and estimates, are discussed below

- Impairment
The company regularly reviews the portfolio of financial assets for impairment In determining whether an impairment has occurred at the balance sheet date the company considers whether there is any observable data indicating that there has been a measurable decrease in the estimated future cash flows or their timings, such observable data includes whether there has been an adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on repayments or values of underlying assets Where this is the case, the impairment loss is measured in accordance with note 1(a) below

1(a) Impairment

At each balance sheet date the company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired

The criteria that the company uses to determine that there is objective evidence of an impairment loss include

- Delinquency in contractual payments of principal and/or interest,
- Indications that the borrower or group of borrowers is experiencing significant financial difficulty,
- Restructuring of debt to reduce the burden on the borrower,
- Breach of loan covenants or conditions, and
- Initiation of bankruptcy

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate

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, such as an improvement in the borrower's credit rating, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years A reversal of an impairment loss is recognised as a credit to the statement of comprehensive income

1(b) Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised Income tax payable on profits is recognised as an expense in the period in which those profits arise The tax effects of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised Deferred tax related to fair value re-measurement of financial assets and liabilities, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously

1 Accounting policies(continued)

1(c) Dividends

Dividends are recognised in equity only when the company has the obligation to pay the ordinary shareholder

1(d) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and amounts due from banks with original maturities of less than three months

1(e) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The financial statements are presented in pounds sterling, which is the company's functional and presentation currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in equity as qualifying cash flow hedges

2 Finance income

	2015 £000	2014 £000
Finance lease income	-	1,256
Interest receivable on bank deposits with other group companies	126	9
	126	1,265

Finance lease income represents the income component of finance lease receivables earned in the year, being finance lease rentals less capital repayment

3 Finance costs

	2015 £000	2014 £000
Interest payable on bank loans and overdraft to other group companies	9	4,471
Interest payable on overdue tax	306	2,555
	315	7,026

4 Other operating income

	2015 £000	2014 £000
Other recoverable fees	4	-
	4	-

5 Other operating expenses

	2015 £000	2014 £000
Other fees payable	-	4
Loss on termination of finance lease assets	-	12,065
	-	12,069

6 Loss before taxation

Audit fees for the company are borne by the ultimate parent company, which makes no recharge to the company

The company has no employees (2014 nil)

The directors, who are considered to be key management, received no remuneration in respect of their services to the company The emoluments of the directors are paid by a fellow Group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the company The directors are also directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group Given this, it is not possible to make an accurate apportionment of directors' emoluments in respect of their services to each of the subsidiaries Accordingly, these financial statements include no emoluments in respect of the directors

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Taxation charge

	2015 £000	2014 £000
The taxation charge for the year comprises		
Current tax receivable/(payable) on loss for the year	35	(4,101)
Adjustments in respect of prior year	(8,107)	(34,147)
Total current tax payable for the year	(8,072)	(38,248)
Deferred taxation	-	9,694
Adjustment in respect of prior year	-	20,215
Impact of tax rate change	-	(676)
Total taxation charge for the year	(8,072)	(9,015)

Where taxation on the company's loss for the year differs from the taxation charge that would arise using the standard rate of corporation tax of 20 25% (2014 21 5%), the differences are explained below

	2015 £000	2014 £000
Loss before taxation	(169)	(14,549)
Tax at standard rate of corporation tax	35	3,128
Disallowed and non taxable items	-	(349)
Impact of tax rate change	-	(676)
Adjustment in respect of prior year	(8,107)	(13,932)
Other non taxed items	-	5,408
Loss on sale	-	(2,594)
Total taxation charge	(8,072)	(9,015)

The Finance Act 2013 was substantively enacted on 2 July 2013 The Act further reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015

The Finance (No 2) Act 2015 (the Act) which was substantively enacted on 26 October 2015 The Act reduced the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020

On 16 March 2016, the Government announced that the corporation tax rate applicable from 1 April 2020 would be 17% The proposed reductions in the rate of corporation tax are expected to be enacted, and the impact accounted for, during 2016

8 Amounts owed by group companies

	2015 £000	2014 £000
Cash at bank	110	77
Bank deposits	26,000	54,900
Interest receivable	26	1
	26,136	54,978

For further details please refer to note 13

9 Amounts owed to group companies

	2015 £000	2014 £000
Bank borrowings	27,258	29,350
Interest payable	8,931	8,966
Group relief payable	19,062	38,248
	55,251	76,564

For further details please refer to note 13

10 Deferred taxation

	2015 £000	2014 £000
At beginning of the year	-	29,233
Deferred taxation charge for the year	-	(9,694)
Adjustment in respect of prior years	-	(20,215)
Impact of tax rate change	-	676
At end of the year	-	-

The deferred taxation credit in the statement of comprehensive income comprises the following

	2015 £000	2014 £000
Capital allowances on assets leased to customers	-	29,233
Total deferred taxation credit	-	29,233

The Finance Act 2013 was substantively enacted on 2 July 2013 The Act further reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the corporation tax rate applicable from 1 April 2017 to 19% and from 1 April 2020 to 18%

On 16 March 2016, the Government announced that the corporation tax rate applicable from 1 April 2020 would be 17% The proposed reductions in the rate of corporation tax are expected to be enacted, and the impact accounted for, during 2016

11 Share capital

	2015 £	2014 £
Allotted, issued and fully paid		
1 ordinary shares of £1 each	1	1
	1	1

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and, indirectly, to support the Group's regulatory capital requirements

The company's parent manages the company's capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the company's parent may adjust the amount of dividends to be paid to the shareholder, return capital to the shareholder, issue new shares, or enter into debt financing

The company's capital comprises all components of equity, movements in which appear in the statement of changes in shareholder's equity

12 Risk management of financial instruments

The primary financial risks affecting the company are credit risk, liquidity risk and market risk (which include interest rate risk and foreign currency risk) Information on the management of these financial risks and further disclosures is given below

In accordance with IAS 39 "Financial instruments Recognition and measurement", all financial assets are designated as held at amortised cost The accounting policies in note 1 describe how different classes of financial instruments are measured, and how income and expenses are recognised

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

The maximum credit risk exposure of the company in the event of other parties failing to perform their obligations is detailed below The maximum exposure to loss is considered to be the balance sheet carrying amount as at 31 December

Financial assets which are neither past due nor impaired for credit risk	2015 £000	2014 £000
Amounts owed by group companies	26,136	54,978
Other debtors	-	481
Total credit risk exposure	26,136	55,459

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Risk management of financial instruments (continued)

Credit risk management is performed by various committees established by its ultimate parent, Lloyds Banking Group plc Each exposure is assessed for credit risk prior to approval and assigned a credit rating based on the credit risk rating methodology and management policy of the Lloyds Banking Group plc The table below reflects the credit rating of the financial assets portfolio net of any financial guarantees received

Financial assets by credit rating

At 31 December 2015	AAA £000	AA £000	A £000	BBB £000	Rated BB or lower £000	Not rated £000	Total £000
Amounts owed by group companies	-	-	26,136	-	-	-	26,136
Total	-	-	26,136	-	-	-	26,136

At 31 December 2014	AAA £000	AA £000	A £000	BBB £000	Rated BB or lower £000	Not rated £000	Total £000
Amounts owed by group companies	-	-	54,978	-	-	-	54,978
Other debtors	-	-	-	-	481	-	481
Total	-	-	54,978	-	481	-	55,459

At the balance sheet date the company assesses if there is objective evidence that the financial assets have become impaired Evidence of impairment may include indications that the counterparty is experiencing financial difficulty, default or delinquency in settlements of amounts due or debt restructurings to reduce the financial burden on the counterparty

At 31 December 2015 and 2014 there were no impairments relating to credit risk against any financial assets The credit risk exposure under short–term debtors, deposits and other financial assets are represented by the book values in the above table
Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets

The liquidity profile of financial liabilities at year end was as follows

At 31 December 2015	Bank borrowings £000	Other liabilities £000	Total Liabilities £000
On demand	-	30,854	30,854
Up to 1 month	27,258	-	27,258
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
Total	27,258	30,854	58,112

At 31 December 2014	Bank borrowings £000	Other liabilities £000	Total Liabilities £000
On demand	-	49,809	49,809
Up to 1 month	29,350	35	29,385
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
Total	29,350	49,844	79,194

The fair value of current liabilities approximates their carrying values

Bank borrowings and the associated interest payable upon them are borrowed short term and all borrowings are advanced by a fellow subsidiary undertaking of Lloyds Banking Group plc

12 Rısk management of financıal ınstruments (contınued)

Interest rate rısk management

Interest rate rısk ıs the rısk that the future cash flows and faır values of a financıal ınstrument may fluctuate because of changes ın market ınterest rates

Based on the balance sheet carryıng values a +/- 25 basıs poınt change ın ınterest rates wıll ıncrease/reduce both finance ıncome by £65,000 (2014 £137,000) and finance costs by £68,000 (2014 £73,000)

Foreıgn currency rısk

Foreıgn currency rısk ıs the rısk that the faır value or future cash flows of a financıal ınstrument wıll fluctuate because of changes ın foreıgn exchange rates

Exposure to foreıgn currency fluctuatıons arıses due to ıts financıal assets and lıabılıtıes beıng denomınated ın foreıgn currencıes

At the year end, ıf the currency had fluctuated by +/- 25 basıs poınts agaınst the USD, wıth all other varıables held constant, post tax profit would not have changed sıgnıficantly (2014 ınsıgnıficant) prımarıly due to assets and lıabılıtıes denomınated ın USD

Below are the assets and lıabılıtıes of the company dısclosed ın USD

Foreıgn currency rısk - carryıng amount	2015 USD $000	2014 USD $000
Financıal assets		
Amounts owed by group companıes	35	42
Other debtors	-	748
	35	790
Financıal lıabılıtıes		
Other credıtors	-	4
	-	4

13 Related partıes

The company's ımmedıate parent company ıs Bank of Scotland Structured Asset Fınance Lımıted The company regarded by the dırectors as the ultımate parent company and ultımate controllıng party ıs Lloyds Bankıng Group plc, a lımıted lıabılıty company ıncorporated and domıcıled ın Scotland, whıch ıs also the parent undertakıng of the largest group of undertakıngs for whıch group financıal statements are drawn up and of whıch the company ıs a member Bank of Scotland plc ıs the parent company of the smallest such group of undertakıngs Copıes of the group financıal statements may be downloaded vıa www lloydsbankınggroup com

The company's related partıes ınclude other companıes ın the Group and the company's key management personnel Key management personnel are those persons havıng authorıty and responsıbılıty for plannıng, dırectıng and controllıng the actıvıtıes of the company, whıch ıs determıned to be the company's dırectors, who are lısted on page 1 of these financıal statements

In respect of related party transactıons, the outstandıng balances receıvable/(payable) at 31 December were as follows

Nature of transactıon	Related party	Related party relatıonshıp	2015 £000	2014 £000	Terms and condıtıons Repayment	Interest
Cash at bank	Bank of Scotland plc	Intermedıate parent undertakıng	110	77	No fixed date	N/A
Bank deposıts	Bank of Scotland plc	Intermedıate parent undertakıng	26 000	54,900	15/01/2016	0 48%
Group relıef payable	Bank of Scotland plc	Intermedıate parent undertakıng	(19 062)	(38 248)	No fixed date	N/A
Bank borrowıngs	Bank of Scotland plc	Intermedıate parent undertakıng	(27 258)	(29,350)	15/01/2016	0 0%
Interest payable	Bank of Scotland plc	Intermedıate parent undertakıng	(8,931)	(8 966)	No fixed date	N/A
Interest receıvable	Bank of Scotland plc	Intermedıate parent undertakıng	26	1	15/01/12016	N/A

There were no doubtful debts or bad debt expenses relatıng to the above balances ıncurred durıng the year

Bank borrowıngs are ınterest bearıng and durıng the year rates of ınterest of between 0 0% and 0 56% (2014 0 13% and 0 56%) were charged Fınance costs of £9,000 (2014 £7,026,000) were ıncurred durıng the year

The company earned ınterest on bank deposıts of £126,000 (2014 £9,000) on whıch rates of ınterest of between 0 39% and 0 48% (2014 0 39% and 0 43%) were receıved

The company paıd group relıef of £27,258,000 (2014 £1,994,000 receıved) durıng the year to fellow subsıdıary undertakıngs

14 Adopted accountıng standards

There were no new accountıng standards adopted by the company durıng the year

15 Future developments

The following accounting standard changes will impact the company in the future financial years Save as disclosed below, the initial view is that none of these pronouncements are expected to cause any material adjustments to reported numbers in the Financial Statements

Pronouncement	Nature of change	IASB effective date
IFRS 9 'Financial Instruments'[1]	IFRS 9 replaces IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised cost on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments These changes are not expected to have a significant impact on the company IFRS 9 also replaces the existing incurred loss' impairment approach with an expected credit loss approach This change is likely to result in an increase in the company's balance sheet provisions for credit losses although the extent of any increase will depend upon amongst other things the composition of the company's lending portfolios and forecast economic conditions at the date of implementation In February 2015 the Basel Committee on Banking Supervision published a consultative document outlining supervisory expectations regarding sound credit risk practices associated with implementing and applying an expected credit loss accounting framework A final version is expected to be issued at the end of 2015 The hedge accounting requirements of IFRS 9 are more closely aligned with risk management practices and follow a more principle-based approach than IAS 39 The revised requirements are not expected to have a significant impact on the company	Annual periods beginning on or after 1 January 2018

[1] As at the date of signing, this pronouncement is awaiting EU endorsement