Company Registered No: 05039001

PATALEX IV PRODUCTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 November 2015

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	S J Caterer T D Crome A P Johnson
SECRETARY:	RBS Secretarial Services Limited
REGISTERED OFFICE:	The Quadrangle The Promenade Cheltenham GL50 1PX
AUDITOR:	Deloitte LLP 3 Rivergate Temple Quay Bristol BS1 6GD

Registered in England and Wales

DIRECTORS' REPORT

The directors of Patalex IV Productions Limited ("the Company") present their annual and the audited financial statements for the year ended 30 November 2015.

ACTIVITIES AND BUSINESS REVIEW

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and therefore does not include a strategic report.

Activity
The principal activity of the Company continues to be the business of developing, making, producing, distributing, exhibiting (by any means now or hereafter becoming known) and otherwise exploiting cinematograph films and video and sound recordings; manufacturing, buying, selling and otherwise dealing in cinematograph films, video recordings and any material on which video or sound recordings can be made and all types of equipment capable of being used in connection with the manufacture or processing of cinematograph films or such material for the production, exhibition or playing of cinematograph films or video or sound recordings.

Business review
The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth.

FINANCIAL PERFORMANCE

The retained profit for the year was £1,444,000 (2014: £627,000) and this was transferred to reserves.

Dividends
The company did not pay or declare any dividends during the year (2014: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks other than equity and credit risk.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the RBS Asset and Liability Management Committee (RBS ALCO).

The Company is funded by facilities from Royal Bank Leasing Limited. These are denominated in the functional currency and carry no significant financial risk.

The principal risks associated with the Company are as follows:

Interest rate risk
Structural interest rate risk arises where assets and liabilities have different re-pricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any re-pricing mismatches - see note 14.

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Credit risk
The objective of credit risk management is to enable the Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company (see note 14).

The key principles of the Group's Credit Risk Management Framework are set out below:

- approval of all credit exposure is granted prior to any advance or extension of credit.
- an appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- all credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

Liquidity risk
Liquidity risk arises where assets and liabilities have different contractual maturities.

Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

Operational risk
Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS Group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

GOING CONCERN

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 December 2014 to date following changes have taken place:

	Appointed	**Resigned**
Director		
A P Johnson	11 May 2015	-
N T J Clibbens	-	27 February 2015
A P Gadsby	-	11 May 2015

DIRECTORS' REPORT (continued)

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 a directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 has been followed; 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 to enable them to ensure that the directors' report and financial statements comply with the requirements of 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

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

AUDITOR

The Royal Bank of Scotland Group plc has agreed to appoint Ernst & Young LLP as auditor for the year ending 31 December 2016. A resolution to appoint Ernst and Young as the Company's auditor will be proposed at the forthcoming meeting of the Board of Directors.

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

A P Johnson
Director
Date: 27 May 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATALEX IV PRODUCTIONS LIMITED

We have audited the financial statements of Patalex IV Productions Limited ("the Company") for the year ended 30 November 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law, International Financial Reporting Standards and Financial Reporting Standard 101 Reduced Disclosure Framework.

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, International Financial Reporting Standards 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.

Respective responsibilities of directors and auditor

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. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards, Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATALEX IV PRODUCTIONS LIMITED (continued)

Matters on which we are required to report by exception

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

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

Mark Taylor

Mark Taylor FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom
Date 13 June 2016

PROFIT AND LOSS ACCOUNT
for the year ended 30 November 2015

Continuing operations	Notes	2015 £'000	2014 £'000
Turnover	3	3,723	4,281
Operating income	4	3	5
Operating expenses	5	(21)	(11)
Operating profit		3,705	4,275
Finance income	6	3	3
Finance costs	7	(2,976)	(3,478)
Profit on ordinary activities before tax		732	800
Tax credit/(charge) on profit on ordinary activities	8	712	(173)
Profit and total comprehensive income for the year		1,444	627

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 30 November 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Finance lease receivables	9	**58,076**	74,059
Current assets			
Finance lease receivables	9	**19,033**	18,129
Prepayments, accrued income and other assets	10	**279**	260
		19,312	18,389
Total assets		**77,388**	92,448
Creditors: amounts falling due within one year			
Borrowings	11	**14,244**	13,302
Accruals, deferred income and other liabilities	12	**257**	297
		14,501	13,599
Total assets less current liabilities		**62,887**	78,849
Creditors: amounts falling due after more than one year			
Borrowings	11	**42,036**	55,702
Deferred tax liability	13	**17,903**	21,643
		59,939	77,345
Total liabilities		**74,440**	90,944
Equity: capital and reserves			
Called up share capital	15	**-**	-
Profit and loss account		**2,948**	1,504
Total shareholders' funds		**2,948**	1,504
Total liabilities and shareholders' funds		**77,388**	92,448

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27 May 2016 and signed on its behalf by:

A P Johnson
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 November 2015

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 December 2013	-	877	877
Profit and total comprehensive income for the year	-	627	627
At 30 November 2014	-	1,504	1,504
Profit and total comprehensive income for the year	**-**	**1,444**	**1,444**
At 30 November 2015	**-**	**2,948**	**2,948**

Total comprehensive income for the year of £1,444,000 (2014: £627,000) was wholly attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Preparation and presentation of accounts
These financial statements are prepared on a going concern basis (see the Directors' report) and have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of comparative information in respect of certain assets, presentation of a Cash-Flow Statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 17.

The financial statements are prepared on the historical cost basis.

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

The Company is incorporated in the UK and registered in England and Wales. The Company's accounts are presented in accordance with the Companies Act 2006.

The few changes to IFRS that were effective from 1 December 2014 have had no material effect on the Company's Financial Statements for the year ended 30 November 2015.

b) Revenue recognition
Turnover comprises income from finance leases and loans and other services and arises in the United Kingdom from continuing activities.

Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment. Unearned finance income is subject to regular review, if there is a reduction in the estimated unguaranteed residual value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

Interest income on financial assets that are classified as loans and receivables, available-for-sale or held-to-maturity and interest expense on financial liabilities other than those at fair value are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

c) Taxation
Income tax expense or income, comprising current tax and deferred tax, is recorded in the profit and loss account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. 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 they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a 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 calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

d) Leases
Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer; all other contracts with customers to lease assets are classified as operating leases.

Finance lease receivables are stated in the balance sheet at the amount of the net investment in the lease, being the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease.

e) Financial assets
On initial recognition, financial assets are classified into held-to-maturity investments held-for-trading; designated as at fair value through profit or loss; loans and receivables; or available-for-sale financial assets.

Loans and receivables
Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

f) Impairment of financial assets
The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale, finance leases or other loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

g) Financial liabilities
On initial recognition financial liabilities are classified into held-for-trading; designated as at fair value through profit or loss; or amortised cost.

Other than derivatives, which are recognised and measured at fair value, all other financial liabilities are measured at amortised cost using the effective interest method.

h) Derecognition
A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

Leased assets

Judgement is required in the classification of a lease at inception and after any material amendment to assess whether substantially all the significant risks and rewards of ownership accrue to the lessor or the lessee.

3. Turnover

	2015	2014
	£'000	£'000
Finance lease income:		
Rents receivable	**17,990**	17,138
Amortisation	**(14,267)**	(12,857)
	3,723	4,281

4. Operating income

	2015	2014
	£'000	£'000
Fee income	**3**	3
Other income	**-**	2
	3	5

5. Operating expenses

	2015	2014
	£'000	£'000
Management fees	**21**	11

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the accounts of The Royal Bank of Scotland Group plc contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees and pays a management charge for services provided by other Group companies. The directors of the Company do not receive remuneration for specific services provided to the Company.

Management recharge

Management charges relate to the Company's share of group resources such as the use of IT platforms, staff and a share of central resources. These are re-charged on an annual basis.

	2015	2014
	£'000	£'000
Auditor's remuneration – audit services (included within the management fee shown above)	**5**	5

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Finance income

	2015 £'000	2014 £'000
On loans receivables from group undertakings	**3**	3

7. Finance costs

	2015 £'000	2014 £'000
Interest on loans from group undertakings	**2,976**	3,478

8. Tax

	2015 £'000	2014 £'000
Current taxation:		
UK corporation tax charge for the year	**3,028**	2,931
Deferred taxation:		
Credit for the year	**(2,879)**	(2,758)
Impact of rate changes	**(861)**	-
	(3,740)	(2,758)
Tax (credit)/charge for the year	**(712)**	173

Where appropriate current tax consists of sums payable or receivable for group relief.

The actual tax (credit)/charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 20.33% (2014: 21.66%) as follows:

	2015 £'000	2014 £'000
Expected tax charge	**149**	173
Impact of rate changes	**(861)**	-
Actual tax (credit)/charge for the year	**(712)**	173

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates enacted or substantively enacted now standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Finance lease receivables

	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
2015				
Future minimum lease payments	**19,742**	**65,349**	**-**	**85,091**
Unearned finance income	**(709)**	**(7,273)**	**-**	**(7,982)**
Present value of minimum lease payments receivable	**19,033**	**58,076**	**-**	**77,109**
2014				
Future minimum lease payments	18,802	85,091	-	103,893
Unearned finance income	(673)	(11,032)	-	(11,705)
Present value of minimum lease payments receivable	18,129	74,059	-	92,188

	2015 £'000	2014 £'000
Due within one year	**19,033**	18,129
Due after more than one year	**58,076**	74,059
	77,109	92,188

The Company has entered into finance lease arrangements for a large film deal. The term of the finance lease entered into is 16 years (2014: 16 years).

Unearned finance income is estimated at £nil (2014: £nil).

The average effective interest rate in relation to finance lease agreements approximates 4.1% (2014: 4.1%).

10. Prepayments, accrued income and other assets

	2015 £'000	2014 £'000
Due within one year		
Amounts owed by Group undertakings	**279**	260

11. Borrowings

	2015 £'000	2014 £'000
Loans from Group undertakings	**56,280**	69,004
Current – on demand or within one year	**14,244**	13,302
Non-current		
- between one and two years	**14,936**	13,554
- between two and five years	**27,100**	42,148
- after five years	**-**	-
	42,036	55,702

The Company has no unsecured borrowing from Group undertakings greater than five years (2014: £nil).

12. Accruals, deferred income and other liabilities

	2015 £'000	2014 £'000
Accruals	**252**	289
Deferred income	**5**	8
	257	297

13. Deferred tax

Net deferred tax liability comprises:

	Capital allowances £'000	Other £'000	Total £'000
At 1 December 2013	24,368	33	24,401
Credit to profit and loss	(2,749)	(9)	(2,758)
At 30 November 2014	21,619	24	21,643
Credit to profit and loss	**(3,732)**	**(8)**	**(3,740)**
At 30 November 2015	**17,887**	**16**	**17,903**

14. *Financial instruments and risk management*

(i) Fair value of financial instruments not carried at fair value
Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values. Where the financial instruments are of short maturity, the carrying value is equal to the fair value.

Where the interest rates on finance leases have been fixed by way of an interest rate swap in the parent company, the fair value has been calculated by adjusting the carrying value of the associated mark to market arising on the swap.

The fair value of the borrowings is estimated by discounting future expected cash flows using current interest rates and making adjustments for own credit risk in the current year.

All financial assets are classed as loans and receivables. All financial liabilities are classed as amortised cost.

	2015 Carrying value £'000	2015 Fair value £'000	2014 Carrying value £'000	2014 Fair value £'000
Financial assets				
Finance lease receivables	**77,109**	**81,493**	92,188	98,551
Financial liabilities				
Borrowings	**56,280**	**59,517**	69,004	73,654

The fair value of financial instruments that are not carried at fair value on the balance sheet is considered not to be materially different to the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Financial instruments and risk management (continued)

(i) Fair value of financial instruments not carried at fair value

The financial assets and liabilities detailed in the table above fall within level 2 of the valuation methodologies, as set out below.

Financial assets and liabilities have been classified above according to a valuation hierarchy that reflects the valuation techniques used to determine fair value:

Level 1: valued by reference to unadjusted quoted prices in active markets for identical assets and liabilities
Level 2: valued by reference to observable market data, other than quoted market prices
Level 3: valuation is based on inputs other than observable market data.

(ii) Financial risk management
The principal risks associated with the Company's businesses are as follows:

Interest rate risk
Structural interest rate risk arises where assets and liabilities have different re-pricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any re-pricing mismatches.

Finance lease receivables may be based on fixed and/or floating rates. These are funded primarily through balances owed to group undertakings. The re-pricing maturity profile of the financial assets of the Company may be different to that of the associated borrowings and hence give potential exposure to interest rate risk.

The interest profile of the Company's assets and liabilities is as follows:

2015	**Fixed rate £'000**	**Variable rate £'000**	**Non-interest earning £'000**	**Total £'000**
Financial assets				
Finance leases	**77,109**	**-**	**-**	**77,109**
	77,109	**-**	**-**	**77,109**
Financial liabilities				
Borrowings	**55,590**	**690**	**-**	**56,280**
Accruals and other liabilities	**-**	**-**	**252**	**252**
	55,590	**690**	**252**	**56,532**
Net financial assets/(liabilities)	**21,519**	**(690)**	**(252)**	**20,577**

2014	Fixed rate £'000	Variable rate £'000	Non-interest earning £'000	Total £'000
Financial assets				
Finance leases	92,188	-	-	92,188
	92,188	-	-	92,188
Financial liabilities				
Borrowings	67,897	1,107	-	69,004
Accruals and other liabilities	-	-	289	289
	67,897	1,107	289	69,293
Net financial assets/(liabilities)	24,291	(1,107)	(289)	22,895

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Financial instruments and risk management (continued)

(ii) Financial risk management (continued)

Assuming that the balances receivable and/or payable at the balance sheet date were receivable and/or payable for the whole year, had interest rates been 0.5% higher and all other variables held constant, the Company's profit before tax for the year would have decreased by £3,000 (2014: profit before tax for the year would have decreased by £6,000). This is mainly due to the Company's exposure to interest rates on its variable rate cash balances. There would be no other impact on equity.

Credit risk
The table below provides details of credit exposures for those financial assets neither past due nor impaired:

Sector	No. of counterparties	**2015 £'000**	2014 £'000
Finance lease receivables- Group undertakings	1 (2014:1)	**77,109**	92,188
Maximum credit exposure		**77,109**	92,188

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Financial liabilities
The following table shows by contractual maturity the undiscounted cash flows payable from the balance sheet date including future interest payments:

2015	**0 – 3 months £'000**	**3 – 12 months £'000**	**1 – 3 years £'000**	**3 – 5 years £'000**	**5 – 10 years £'000**
Borrowings	**1,296**	**15,431**	**34,443**	**11,263**	**-**
Accruals and other liabilities	**252**	**-**	**-**	**-**	**-**
	1,548	**15,431**	**34,443**	**11,263**	**-**

2014	0 – 3 months £'000	3 – 12 months £'000	1 – 3 years £'000	3 – 5 years £'000	5 - 10 years £'000
Borrowings	1,845	14,480	32,879	29,004	-
Accruals and other liabilities	289	-	-	-	-
	2,134	14,480	32,879	29,004	-

The Company's intra-group liabilities may in certain circumstances become repayable on demand pursuant to the terms of the capital support deed (see note 17).

15. Share capital

	2015 £	2014 £
Authorised:		
100 Ordinary shares of £1	**100**	100
Allotted, called up and fully paid:		
Equity shares		
2 Ordinary shares of £1	**2**	2

The Company has one class of ordinary shares which carry no right to fixed income.

16. Capital resources

The Company's capital consists of equity comprising issued share capital, retained earnings and loans from group undertakings. The Company is a member of The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the Company is governed by the group's policy which is to maintain a strong capital base: it is not separately regulated. The group has complied with the Prudential Regulation Authority's capital requirements throughout the year.

17. Related parties

UK Government
The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a company it wholly owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of taxes including UK corporation tax and value added tax.

Group undertakings
The Company's immediate parent company is Royal Bank Leasing Limited, a company incorporated in the UK. As at 30 November 2015 The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in the UK and heads the largest group in which the Company is consolidated. Copies of the consolidated financial statements of both companies may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

Capital Support Deed
The Company, together with other members of the RBSG Group companies, is party to a capital support deed (CSD). Under the terms of the CSD, the Company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the Company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources). The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately repayable, such repayment being limited to the Company's available resources.