Company Registered No: 05039276

RBS ASSET FINANCE EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

RBS ASSET FINANCE EUROPE LIMITED **05039276**

CONTENTS

RBS ASSET FINANCE EUROPE LIMITED **05039276**

OFFICERS AND PROFESSIONAL ADVISERS

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

Registered in England and Wales

STRATEGIC REPORT

The directors of RBS Asset Finance Europe Limited ("the Company") present their report together with the audited financial statements for the year ended 31 December 2015

ACTIVITIES AND BUSINESS REVIEW

Principal activity
The principal activity of the Company continues to be the provision of fixed asset finance usually involving structured facilities

The Company is a subsidiary of The Royal Bank of Scotland Group plc ("RBS") which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business The annual reports of RBS review these matters on a group basis Copies can be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or at www.rbs com

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 Company's financial performance is presented on pages 8 to 10

Turnover fell by €7,823,000 (2014 fell by €61,197,000) and finance costs fell by €292,000 (2014· fell by €103,473,000) The profit for the year was €578,000 (2014 loss of €2,470,000)

The directors do not recommend the payment of a dividend (2014 €nil)

At the end of the year, the balance sheet showed total assets of €26,570,000 (2014 €91,556,000), including income-generating assets comprising property, finance leased assets €26,350,000 (2014 €30,326,000), assets held for sale €nil (2014 €59,294,000) and cash of €nil (2014 €232,000) Total shareholders' funds was €1,529,000 (2014 €951,000)

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 20)

Currency risk
The Company does not maintain material non-trading open currency positions

The Company undertakes certain transactions denominated in foreign currencies, hence exchange rate fluctuations arise The Company's policy is normally to match foreign currency receivables with borrowings in the same currency

STRATEGIC REPORT

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 20)

The key principles of the bank'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, and
- 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

Market risk
Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates, foreign currency and equity prices together with related parameters such as market volatilities

The principal market risk to which the Company is exposed is interest rate risk which is mitigated by maintaining the consistency in the interest risk profile of the Company's assets and liabilities

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

STRATEGIC REPORT

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 strategic report, 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 strategic report, 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.

Approved by the Board of Directors and signed on its behalf

A P Johnson
Director
Date 8th July 2016

DIRECTORS' REPORT

The Strategic report includes the review of the year, risk report and note of post balance sheet events

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 January 2015 to date the following changes have taken place

Directors	**Appointed**	**Resigned**
W Lang	-	13 February 2015
N T J Clibbens	-	27 February 2015
A P Gadsby	-	11 May 2015
T D Crome	-	28 June 2016
Secretary		
R Beattie	-	30 January 2015
RBS Secretarial Services Limited	03 February 2015	-

INDEPENDENT AUDITOR

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as auditor for the year ending 31 December 2016

A resolution to appoint Ernst & Young LLP 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. 8th July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS ASSET FINANCE EUROPE LIMITED

We have audited the financial statements of RBS Asset Finance Europe Limited ('the Company') for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23 The financial reporting framework that has been applied in their preparation is applicable law 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, 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 31 December 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with 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 RBS ASSET FINANCE EUROPE LIMITED

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
21 July 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

Continuing operations	Notes	2015 €'000	2014 €'000
Turnover	3	**2,118**	9,941
Cost of sales	4	**-**	(10,672)
Operating income	5	**271**	296
Operating expenses	6	**(946)**	(1,345)
Operating profit/(loss)		**1,443**	(1,780)
Finance income	7	**-**	2
Finance costs	8	**(1,080)**	(1,372)
Profit/(loss) on ordinary activities before tax	9	**363**	(3,150)
Tax credit	10	**215**	680
Profit/(loss) and total comprehensive profit/(loss) for the year		**578**	(2,470)

The accompanying notes form an integral part of these financial statements

BALANCE SHEET
as at 31 December 2015

	Notes	2015 €'000	2014 €'000
Fixed assets			
Finance lease receivables	12	**21,581**	25,508
Current assets			
Assets and associated liabilities held for sale	11	-	59,294
Finance lease receivables	12	**4,769**	4,818
Trade and other receivables	14	**169**	1,230
Prepayments, accrued income and other assets	15	**51**	474
Cash at bank		-	232
		4,989	66,048
Total assets		**26,570**	91,556
Creditors: amounts falling due within one year			
Liabilities related to assets held for sale		-	1,779
Borrowings	16	**3,315**	36,243
Current tax liabilities		**47**	-
Trade and other payables	17	**87**	571
Accruals, deferred income and other liabilities	18	**240**	289
		3,689	38,882
Total assets less current liabilities		**22,881**	52,674
Creditors: amounts falling due after more than one year			
Borrowings	16	**17,219**	46,201
Deferred tax liability	19	**4,133**	5,522
		21,352	51,723
Total liabilities		**25,041**	90,605
Equity: capital and reserves			
Called up share capital	21	-	-
Profit and loss account		**1,529**	951
Total shareholders' funds		**1,529**	951
Total liabilities and shareholders' funds		**26,570**	91,556

The accompanying notes form an integral part of these financial statements

The financial statements of the Company were approved by the Board of Directors on 8th July 2016 signed on its behalf by

A P Johnson
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital €'000	Profit and loss account €'000	Total €'000
At 1 January 2014	-	(47,579)	(47,579)
Loss for the year	-	(2,470)	(2,470)
Capital contribution by means of loan waiver		51,000	51,000
At 31 December 2014	-	951	951
Profit for the year	-	**578**	**578**
At 31 December 2015	-	**1,529**	**1,529**

Total comprehensive income for the year of €578,000 (2014 loss of €2,470,000) was wholly attributable to the equity holders 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 financial statements

These financial statements are prepared on a going concern basis 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 European Union (together IFRS) and under FRS 101 Reduced Disclosure Framework The Company meets the definition of a qualifying entity under Financial Reporting Standard 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 presentation of a Cash-Flow Statement, standards not yet effective and related party transactions Where required, equivalent disclosures are given in the group financial statements of The Royal Bank of Scotland Group plc, these financial statements are available to the public and can be obtained as set out in note 23

The financial statements are prepared on the historical cost basis

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

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

Adoption of new and revised accounting standards

There are a number of changes to IFRS that were effective from 1 January 2015 They have had no material effect on the Company's financial statements for the year ended 31 December 2015

b) Foreign currencies

Transactions in foreign currencies are translated into Euros at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date Foreign exchange differences arising on translation are reported in profit or loss

c) Revenue recognition

Turnover comprises income from finance leases, 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 Unguaranteed residual values are 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

Rental income from operating leases is recognised in the profit and loss account on a straight-line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use

Income from the sale of rental assets is recognised on transfer of ownership

Interest income on financial assets that are classified as loans and receivables is determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the expected life of the asset or liability

d) 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 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

e) 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

f) 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 (see accounting policy 1(c)) less any impairment losses

g) 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 or 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

h) 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

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

i) 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, cancelled or expires

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 €'000	2014 €'000
Finance lease income		
Rent receivable	**4,888**	4,978
Amortisation	**(3,973)**	(3,593)
	915	1,385
Operating lease rental income	**1,203**	8,556
	2,118	9,941

The Company did not enter into any new leasing transactions during the year (2014. €nil)

4. Cost of sales

The following impairment losses/(reversal of losses) were recognised during the year

	2015 €'000	2014 €'000
Depreciation	-	3,034
Impairment of property, plant and equipment	-	6,032
Maintenance expense	-	1,606
	-	10,672

NOTES TO THE FINANCIAL STATEMENTS

5. Operating income

	2015 €'000	2014 €'000
Profit on disposal of property, plant and equipment	-	244
Other income	268	15
Exchange gains	3	37
	271	296

6. Operating expenses

	2015 €'000	2014 €'000
Management fees	428	1,101
Loss on disposal of assets held for sale	487	-
Purchases	29	240
Other charges	2	4
	946	1,345

Staff costs, number of employees and directors' emoluments
All staff and directors were employed by group companies and the financial statements 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 fee 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

7. Finance income

	2015 €'000	2014 €'000
On loans receivable·		
From Group undertakings	-	2

8. Finance costs

	2015 €'000	2014 €'000
Interest on loans from Group undertakings	1,080	1,372

9. Loss on ordinary activities before tax

Loss on ordinary activities before tax is stated after charging/(crediting):

	2015 €'000	2014 €'000
Auditor's remuneration – audit services	31	25
Foreign exchange translation	(3)	(37)

10. Tax

	2015 €'000	2014 €'000
Current tax:		
UK corporation tax charge for the year	1,173	496
Overseas tax suffered	-	1
Under/(over) provision in respect of prior periods	1	(47)
	1,174	450
Deferred tax:		
Credit for the year	(1,101)	(1,175)
(Over)/under provision in respect of prior periods	(1)	45
Impact of tax rate changes	(287)	-
	(1,389)	(1,130)
Tax credit for the year	(215)	(680)

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

The actual tax credit differs from the expected tax charge/(credit) computed by applying the blended rate of UK corporation tax of 20.25% (2014 21 49%) as follows

	2015 €'000	2014 €'000
Expected tax (credit)/charge	74	(678)
Overseas taxation	-	1
Adjustment in respect of prior period	-	(2)
Other non-deductible items	(2)	8
Non-taxable items	-	(9)
Impact of rate change	(287)	-
Actual tax credit for the year	(215)	(680)

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

11. Assets and associated liabilities held for sale

	2015 €'000	2014 €'000
Assets for hire under operating leases	-	59,294
Current liabilities	-	(1,779)
	-	57,515

NOTES TO THE FINANCIAL STATEMENTS

12. Finance lease receivables

	Within 1 year €'000	Between 1 and 5 years €'000	After 5 years €'000	Total €'000
2015				
Future minimum lease payments	**4,925**	**19,699**	**5,481**	**30,105**
Unearned finance income	**(156)**	**(2,449)**	**(1,150)**	**(3,755)**
Present value of minimum lease payments receivable	**4,769**	**17,250**	**4,331**	**26,350**
2014				
Future minimum lease payments	4,977	19,908	10,516	35,401
Unearned finance income	(159)	(2,506)	(2,410)	(5,075)
Present value of minimum lease payments receivable	4,818	17,402	8,106	30,326

	2015 €'000	2014 €'000
Due within one year	**4,769**	4,818
Due after more than one year	**21,581**	25,508
	26,350	30,326

The Company has entered into a finance leasing arrangement for a ship The term of the finance lease entered into is 15 years (2014 15 years)

Unguaranteed residual values are estimated at €nil (2014 €nil)

The average effective interest rate in relation to finance lease agreements approximates 4 2% (2014. 4 2%)

13. Operating lease arrangements

At the balance sheet date, the Company had contracted with customers for the following future minimum lease rentals receivable under non-cancellable operating leases

	Within 1 year €'000	Between 1 and 5 years €'000	Total €'000
2015	-	-	-
2014 - Assets held for sale	5,602	1,146	6,748

Nature of operating lease assets in the balance sheet	2015 €'000	2014 €'000
Assets held for sale (note 12)	-	59,924

Company as lessor
The Company provides asset finance to its customers through acting as lessor

14. Trade and other receivables

	2015 €'000	2014 €'000
Due within one year		
Value added tax recoverable	75	228
Trade receivables	94	1,002
	169	1,230

15. Prepayments, accrued income and other assets

	2015 €'000	2014 €'000
Accrued income	51	-
Group relief receivable	-	474
	51	474

16. Borrowings

	2015 €'000	2014 €'000
Overdraft from group undertakings	62	-
Loans from group undertakings	20,472	82,444
	20,534	82,444
Current - on demand or within one year	3,315	36,243
Non-current		
Between 1 and 2 years	3,368	27,897
Between 2 and 5 years	10,907	10,743
After 5 years	2,944	7,561
	17,219	46,201

The Company has the following unsecured borrowing from group undertakings greater than 5 years.

€2,944,000 is at a fixed rate of 4 455% (2014 €7,480,000 is at a fixed rate of 4 455%)

€nil (2014 €81,000) is at a floating rate

The repayment profile of the borrowings is disclosed in note 20 (ii)

17. Trade and other payables

	2015 €'000	2014 €'000
Due within one year		
Other payables	87	571

18. Accruals, deferred income and other liabilities

	2015 €'000	2014 €'000
Accruals	200	233
Deferred income	40	56
	240	289

19. Deferred tax

Net deferred tax liability comprises.

	Capital allowances €'000
At 1 January 2014	6,652
Credit to profit and loss account	(1,130)
At 31 December 2014	5,522
Credit to profit and loss account	(1,389)
At 31 December 2015	**4,133**

20. 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

The fair value of finance lease receivables and borrowings is estimated by discounting expected future cash-flows using current interest rates and making appropriate adjustments for lessee credit risk and own credit risk in the current year respectively

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	**26,350**	**27,685**	30,326	31,503
Financial liabilities				
Borrowings	**20,534**	**23,286**	82,444	84,652

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

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments and risk management (continued)

(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	26,350	-	-	26,350
Trade and other receivables	-	-	94	94
Prepayments, accrued income and other assets	-	-	51	51
	26,350	-	145	26,495
Financial liabilities				
Borrowings	20,472	62	-	20,534
Trade and other payables	-	-	86	86
Accruals and other liabilities	-	-	200	200
	20,472	62	286	20,820
Net financial assets/(liabilities)	5,878	(62)	(141)	5,675

2014	Fixed rate €'000	Variable rate €'000	Non-interest earning €'000	Total €'000
Financial assets				
Finance leases	30,326	-	-	30,326
Trade and other receivables	-	-	1,002	1,002
Cash	-	232	-	232
	30,326	232	1,002	31,560
Financial liabilities				
Borrowings	23,807	58,637	-	82,444
Trade and other payables	-	-	530	530
Accruals and other liabilities	-	-	233	233
	23,807	58,637	763	83,207
Net financial assets/(liabilities)	6,519	(58,405)	239	(51,647)

NOTES TO THE FINANCIAL STATEMENTS

20. 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 loss before tax for the year would have increased by €nil (2014 €292,000) 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 - Shipping	1 (2014 1)	**26,350**	30,326
Group undertakings		**-**	232
Other		**145**	-
		26,495	30,558
Amount past due			
0-1 month		**-**	850
1-2 months		**-**	152
		-	1,002
Maximum credit exposure		**26,495**	31,560

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	**302**	**3,970**	**8,324**	**8,235**	**3,102**
Trade and other payables	**86**	**-**	**-**	**-**	**-**
Accruals and other liabilities	**200**	**-**	**-**	**-**	**-**
	588	**3,970**	**8,324**	**8,235**	**3,102**

2014	0-3 months €'000	3-12 months €'000	1-3 years €'000	3-5 years €'000	5-10 years €'000
Borrowings	12,060	2,535	33,168	8,384	8,043
Trade and other payables	530	-	-	-	-
Accruals and other liabilities	233	-	-	-	-
	12,823	2,535	33,168	8,384	8,043

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 23)

21. Share capital

	2015 €	2014 €
Authorised.		
100 deferred ordinary shares of £1 each	**136**	136
1,000 ordinary shares of €1	**1,000**	1,000
	1,136	1,136
Allotted, called up and fully paid:		
2 deferred ordinary shares of £1 each	**3**	3
100 ordinary shares of €1	**100**	100
	103	103

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

The deferred ordinary shares carry no dividend or voting rights and have no preferential rights to return of capital on winding up The Company may repurchase the shares at any time for an aggregate consideration of £1

The value attributed to the sterling share capital is based on the exchange rate prevailing at the date of issue

Both classes of ordinary shares carry no right to fixed income

22. 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

23. 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 31 December 2015, The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated Copies of the consolidated financial statements 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 may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ

NOTES TO THE FINANCIAL STATEMENTS

23. Related parties (continued)

Capital Support Deed

The Company, together with other members of The Royal Bank of Scotland Group plc, 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