OAKWOOD GLOBAL ASSETS LIMITED

(Registered company number 5456331)

Annual Report and Financial Statements

31 December 2015

COMPANY INFORMATION

DIRECTORS

LDC Securitisation Director No. 3 Limited
LDC Securitisation Director No. 4 Limited
Ian Kenneth Bowden

SECRETARY

Law Debenture Corporate Services Limited

REGISTERED OFFICE

Fifth Floor
100 Wood Street
London
EC2V 7EX

AUDITOR

KPMG LLP
One Sovereign Square
Sovereign Street
Leeds
LS1 4DA

CONTENTS

Strategic report

The directors present their Strategic report for Oakwood Global Assets Limited (the Company) and its subsidiaries (together referred to as "the Group" and individually as "the Group entities") for the year ended 31 December 2015.

Activity, objective, business model and review of the year

The Company was originally incorporated in England & Wales on 19 May 2005 as a private limited company called DIALBAY LIMITED and changed its name on 8 July 2005 to Oakwood Global Assets Limited.

The Company's principal activity is to act as the Parent Company for a series of companies engaged in the securitisation of residential mortgage portfolios. In that connection, it has not traded since incorporation and its only activity has been the acquisition of subsidiaries.

The Group consists of the following subsidiary companies:
ALBA 2005-1 PLC
ALBA 2006-1 PLC
ALBA 2006-2 PLC
ALBA 2007-1 PLC

Each of these companies has filed separate financial statements for the year ended 31 December 2015.

Business review

No new subsidiaries were taken on during the year and none of the above Group entities issued any new notes.

During the year, one of the Group subsidiaries (ALBA 2007-1) with its trustee agreed to enter into a new liquidity facility agreement with HSBC Bank plc, pursuant to which the subsidiary has been provided with a committed sterling revolving liquidity facility in the amount of £20 million on substantially the same commercial terms that applied to the original facility entered into in 2007 (but which lapsed in 2008).

Results

The results for the year are set out on page 6.

Key performance indicators (KPIs)

Financial KPIs - the directors of the Group entities monitor the actual receipts and payments of interest to and from their Company through the bank statements and measure these against schedules and forecasts prepared by the servicers of the mortgage pools, in accordance with the underlying transaction documents. The directors believe that the Group entities have met all conditions of the transaction documents issued for funding the securitisation activity. In addition, the directors of the Group entities monitor the quarterly investor reports that contain a range of data on the performance of the subsidiaries' mortgage portfolio (e.g. arrears data, weighted current LTVs (loan to value), weighted average interest rate, etc).

Non-financial KPIs – as the purpose of the business is entirely finance related, the directors are of the view that there are no meaningful non-financial KPIs that could be adopted.

The KPIs of the subsidiaries include:

- the percentage of the pool greater than 3 months in arrears,
- the weighted average current loan to value (by value),
- the average loan size,
- the weighted average interest rate.

The respective KPIs for each subsidiary company can be seen in the individual subsidiary's Annual Report and Financial Statements.

Strategic report (continued)

Going concern

The directors have reviewed the expenses and cash flows of the subsidiaries and are satisfied that for the foreseeable future there are sufficient funds available to meet expenses as and when they fall due.

With net asset of £2.733m, the directors believe the company will continue to trade for the foreseeable future.

The subsidiaries rely on the cash flows from pools of sub-prime mortgages to meet the payments on their liabilities. The subsidiaries continue to meet all their debts as they fall due for payment and each of their most recently filed accounts was prepared under the going concern basis. Each of the Group entities has performed better in 2015 than in previous years and each has managed to replenish its reserve funds. However, any renewed deterioration in the mortgage and housing market could result in future estimated cash flows received from the subsidiaries' assets being significantly less than expected. Any reduction in cash flows may also impact on the subsidiaries' ability to repay the amounts due under the limited recourse loan notes and subordinated loans. However, the Group entities are only liable to repay amounts to the extent that they receive funds.
Recognising the non-trading nature of the Company, and the statements of the directors of each of the Group entities about the performance and financial position of each of them, the directors confirm that the accounts of the Company and the Group have been prepared on the going concern basis.
The directors of the respective Group entities have prepared cash flow forecasts for the Group entities which show the companies being able to continue to meet their liabilities based on current expected bad debts experience. Accordingly, the financial statements do not include the adjustments that would result if the Group entities were unable to continue as going concerns.

Internal controls, risk profile and risk management

The Board has overall responsibility for the Group's internal control system which encompasses all risks faced by the Group including business, operational and compliance risks. The Board is responsible for approving the Group's risk management strategy, and the level of acceptable risks. The principal risks faced by the Company are set out in the following paragraph, and expanded upon at Note 22, including a description of how those risks are managed.

Principal risks and uncertainties

The principal financial risks are credit, interest and liquidity risks. This includes the correct and timely receipts of interest and principal on the mortgage loans. Further details about these risks and the steps that are taken to manage them are set out at note 20 to the financial statements.

Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security based on the probability of the loan going to repossession. More information, including about forbearance, is included at Note 1.

Derivatives and other financial instruments

Financial instruments, other than derivatives and fixed and variable rate mortgages, comprise the Notes, cash and other liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. Further details are set out in Note 1 and Note 20 of the accounts.

Future Developments

The Group does not anticipate any new securitisation activity in the immediate future. The entities within the group will repay their noteholders over the life of the mortgage pools based on cash receipts from the mortgage holders.
By order of the board,

Law Debenture Corporate Services Limited
Company Secretary
23 June 2016

Directors' report

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2015.

Proposed dividend

The directors have not declared or paid a dividend (2014: £ Nil).

Directors

The directors who held office during the year were:
L.D.C Securitisation Director No.3 Limited
L.D.C Securitisation Director No.4 Limited
Ian Kenneth Bowden

The directors are not subject to retirement by rotation.

Directors' interest

During the year none of the directors held beneficial interests in the shares of the Company.

Political and charitable contributions

The Group made no political or charitable donations during the year (2014: nil).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board,

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

For and on behalf of Law Debenture Corporate Services Limited
Company Secretary
23 June 2016

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that year.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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

Independent auditor's report to the members of Oakwood Global Assets Limited

We have audited the financial statements of Oakwood Global Assets Limited for the year ended 31 December 2015 as set out on pages 6 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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 set out on page 4, 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
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Gabbertas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

22 June 2016

Statement of comprehensive income

For the year ended 31 December 2015

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		£000s	£000s	**£000s**	£000s
Interest receivable and similar income	3	**22,821**	25,118	**4**	4
Interest payable and similar charges	5	**(18,053)**	(20,500)	**-**	-
Net interest income		**4,768**	4,418	**4**	4
Foreign exchange gain on loan notes		**1,655**	2,312	**-**	-
Administration expenses		**(3,288)**	(3,327)	**(4)**	(4)
Impairment credit / (charge)	6	**2,988**	(417)	**-**	-
Fair value movements of derivatives	4	**(1,662)**	(2,461)	**-**	-
Profit on activities before taxation		**4,461**	725	**-**	-
Taxation	8	**(1)**	-	**-**	-
Profit for the year		**4,460**	725	**-**	-

There are no recognised gains or losses for the year other than as stated in the profit and loss account. Accordingly, no Statement of other comprehensive income is given.

All the Group and Company's income is derived from continuing operations.

The notes on pages 10 to 29 form part of these financial statements.

Balance sheet
As at 31 December 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		£000s	£000s	**£000s**	£000s
Non-current Assets					
Mortgage loans	9a	**883,573**	959,112	-	-
Derivative assets	10	**2,515**	4,240	-	-
Investments	11	-	-	**24**	24
Total non-current assets		**886,088**	963,352	**24**	24
Current Assets					
Debtors – amounts falling due within one year	12	**672**	149	**4**	4
Cash at bank and in hand	13	**65,580**	94,328	-	-
		952,340	1,057,829	**28**	28
Current liabilities					
Creditors - amounts falling due within one year	14	**(2,244)**	(2,233)	**(4)**	(4)
Liquidity facility drawdown	17	**(34,286)**	(65,164)	-	-
Total assets less current liabilities		**915,810**	990,432	**24**	24
Non-current liabilities					
Creditors - amounts falling due after one year	16	**(912,426)**	(991,445)	**(49)**	(49)
Derivative liabilities	15	**(651)**	(714)	-	-
Net assets / (liabilities)		**2,733**	(1,727)	**(25)**	(25)
Capital and reserves					
Called up share capital	18	-	-	-	-
Profit and loss reserve		**2,733**	(1,727)	**(25)**	(25)
Shareholders' surplus / (deficit)		**2,733**	(1,727)	**(25)**	(25)

The notes on pages 10 to 29 form part of these financial statements

These financial statements were approved by the Board of Directors on 23 June 2016
Signed on behalf of the Board of Directors

L.D.C Securitisation Director No. 3 Limited
Director

Statement of changes in equity

For the year ended 31 December 2015

Group	**Share capital**	**Retained earnings**	**Total**
	£000	**£000**	**£000**
Balance at 01January 2014	-	(2,452)	(2,452)
Profit for the year	-	725	725
Balance at 31 December 2014	-	(1,727)	(1,727)
Balance at 01January 2015	-	(1,727)	(1,727)
Profit for the year	-	4,460	4,460
Balance at 31 December 2015	**-**	**2,733**	**2,733**

Company	**Share capital**	**Retained earnings**	**Total**
	£000	**£000**	**£000**
Balance at 01January 2014	-	(25)	(25)
Profit for the year	-	-	-
Balance at 31 December 2014	-	(25)	(25)
Balance at 01January 2015	-	(25)	(25)
Profit for the year	-	-	-
Balance at 31 December 2015	**-**	**(25)**	**(25)**

The notes on pages 10 to 29 form part of these financial statements

Statement of cash flows

For the year ended 31 December 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		£000s	£000s	**£000s**	£000s
Net cash inflow from operating activities	21	**3,875**	5,135	-	-
Capital expenditure and financial investment					
Tax paid		-	(1)	-	-
Repayment of mortgage loans	9	**77,274**	65,612	-	-
Net cash inflow before management of liquid resources and financing		**81,149**	70,746	-	-
Financing					
Net repayment of liquidity facility	17	**(30,878)**	-	-	-
Loan notes repaid	16	**(77,813)**	(66,942)	-	-
Reverse reduction in Sub notes	16	-	505	-	-
Residual holder creditor	16	**(1,206)**	(2,366)	-	-
(Decrease) / increase in cash in the year		**(28,748)**	1,943	-	-

The notes on pages 10 to 29 form part of these financial statements

Notes to the accounts
For the year ended 31 December 2015

1. Accounting policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"). FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015.

Consolidation
The consolidated financial statements incorporate the financial statements of the parent Company – Oakwood Global Assets Limited (the Company) and its following subsidiaries (together referred to as "the Group" and individually as "the Group entities") for which the Company holds the majority of the voting rights:

- ALBA 2005-1 PLC
- ALBA 2006-1 PLC
- ALBA 2006-2 PLC
- ALBA 2007-1 PLC

Going concern
The going concern position for the Company is directly attributable to that of the wider Group. The directors consider that each of the Company's Subsidiaries will continue to trade for the foreseeable future by meeting their liabilities as they fall due for payment in cash and, accordingly, their financial statements have been prepared on a going concern basis.

The Subsidiaries are financing vehicles for sub-prime mortgages and are financed by the issue of mortgage backed securities. The repayment of finance issued by these companies is solely dependent on the performance of the sub-prime mortgages held within these companies. Specifically, if mortgages are in arrears and expected losses on repossession increase, there will be less cash available in the structure to pay finance providers, although there are provisions within the finance agreements for interest on more junior notes to be deferred. Financial support will not be provided by any Group entity to support the debts of another Group entity. Overall the Group has net assets of £2.733m.

2015 saw a further improvement in the UK mortgage and housing market (with the continuation of a low interest rate environment) although conditions remain challenging. The Group has seen accounts in arrears (> 3 months) reduce slightly to 6.5% by the year end (2014: 7.1%).

Should any Subsidiary be unable to pay amounts due to its providers of finance, then they may take proceedings via the relevant Trustee to enforce their security over the mortgage pool. This may place a long term restriction on the Company's ability to exercise its rights over the subsidiary undertaking's assets thus removing the requirement for consolidation for that entity. As the Subsidiaries are not showing any indications of their inability to repay amounts to the providers of finance, the Directors consider this scenario remote.

The Company is capitalised by loans from The Law Debenture Intermediary Corporation p.l.c. which are only repayable to the extent it has funds available. There is no indication that the loan will be required to be repaid.

Overall, the Directors consider the Company and its wider Group is a going concern.

Notes to the accounts
For the year ended 31 December 2015

1. Accounting policies (continued)

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Group entities owned by the Company made up to the end of the financial year.

The Company owns the share capital in the Group entities and shares in any residual profit (after paying deferred consideration) at the end of the vehicles' lives.

Inter-company transactions are eliminated. The financial statements of subsidiaries are adjusted, where necessary, to ensure the accounting policies used are consistent with those adopted by the Group. The Company has not taken advantage of exemptions under Financial Reporting Standard 1: Statement of Cash Flows.

Income recognition
The group's principal source of income is interest receivable which is recognised on an effective interest rate basis. The directors consider it would be misleading to classify this source as turnover.

In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. These estimates are based on historical data and reviewed as appropriate to reflect the expectations at the balance sheet date. Any changes in these estimates will result in an adjustment to the carrying value of the deferred consideration. The corresponding charge or release to the profit and loss will be included in the period in which the estimates are revised.

Other income is bank interest earned in the year.

Interest payable
Interest is paid to Noteholders quarterly during the year and is recognised on an effective interest rate basis. Interest is calculated using the LIBOR plus a margin on each class of notes outstanding.

Administrative expenses
All administrative expenses, which comprise primarily professional fees and other overheads, are accounted for on an accruals basis.

Mortgage loans and premiums
Mortgage loans are stated at amortised cost (on an effective interest rate basis) less impairment provision.

In applying FRS 102 the Company has made an accounting policy choice by applying the recognition and measurement requirement to IAS 39 instead of Section 11 and 12 of FRS 102, the Company has designated that the mortgage loans upon initial recognition are measured at fair value and subsequently at amortised cost.

Mortgage impairment provisions
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidenced that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the accounts
For the year ended 31 December 2015

1. Accounting policies (continued)

Mortgage impairment provisions (continued)

Individual provisions are made for loans or advances considered to be bad or doubtful. Individual provisions are assessed on a case by case basis or, where this is not practical, as part of a portfolio of similar advances using loan loss estimation models. Assessments are made of all loans and advances on properties which are in possession and 3 months and greater in arrears.

A provision may also be made in the case of accounts, which may not currently be in arrears, where the servicer on behalf of the Company has exercised forbearance in the conduct of the account. The provision will be based on the propensity of the account to realise a loss had forbearance not been shown. In all cases account will be taken of any amounts recoverable under contract of indemnity insurance and of anticipated disposal costs. No provision is made against the future carrying costs of impaired loans.

Provisions made during the year are charged to the Statement of comprehensive income, net of recoveries. If the collection of interest is considered doubtful, it is suspended and excluded from interest income in the profit and loss account. Provisions and suspended interest are written off to the extent that there is no longer any realistic prospect of recovery.

Offsetting financial instruments
Financial assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and liability simultaneously.

Recognition and de-recognition of assets
The subsidiaries of the Group acquire mortgage portfolios which include mortgage loans, premiums and the rights, benefits and risks of these assets. In applying FRS 102, the subsidiaries of the Group (as they are entitled to do) use the recognition and measurement requirement of IAS 39 instead of Section 11 and 12 of FRS 102, these assets are recognised in the balance sheet.

Assets are derecognised only when either; the contractual rights to cash flows from the financial assets expire, or the transfer otherwise qualifies for de-recognition.

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date, or if appropriate, at the forward contract rate.

Investments in subsidiaries
Investments in subsidiaries are stated in the parent Company's balance sheet at cost less any provision for impairment.

1. Accounting policies (continued)

Financial instruments
The directors have used the Provisions of IAS 39 relating to the option to designate financial instruments at fair value to the Statement of comprehensive income and to the (de)recognition of financial assets and liabilities.

As stated above subsidiaries of the Group have adopted the requirement of the amendments to IAS 39 Financial instruments instead of FRS 102 under Section 11 and 12. The amendments require an entity to classify its financial assets and liabilities held at fair value according to a hierarchy that reflects the significance of observable market inputs.
Derivative financial instruments used for non-trading purposes include interest rate swaps and currency swaps, which are used by the subsidiaries primarily as a risk management tool for hedging interest rate risk arising on balance sheet assets and liabilities. The financial instruments are held at fair value.

Derivatives
The Group entities use derivative financial instruments to hedge their exposure to fluctuations in interest and foreign exchange rates. In accordance with IAS 39, derivative financial instruments are accounted for at fair value. The Group has not adopted hedge accounting under FRS 102 instead of Section 11 and 12.

Derivatives are initially recognised at fair value on the date that the contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

Financial liabilities
Financial liabilities arise in Group companies and comprise the mortgage backed floating rate notes, loans and deferred consideration. Financial liabilities are initially recorded in the balance sheet as the proceeds received net of any direct issue costs. On subsequent reporting dates, financial liabilities are measured at amortised cost based on the original effective interest rate.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, at bank and short-term bank deposits.

Creditors and other payables
Creditors include interest due to note holders and general expenses outstanding at the year end.

Debtors and other receivables
The carrying value represents interest and receivables which are not impaired.
The directors consider that the carrying amount approximates to the fair value.

Taxation
The Group entities have elected to enter the permanent tax regime for securitisation companies. The directors are satisfied that the Group entities meet the definition of a 'securitisation company' as defined by both the Finance Act 2005 and subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

Significant accounting judgements and estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's knowledge of the amount, actual results may differ from these estimates. If actual results differ from the estimates, the impact will be recorded in future years.

The most significant judgements and estimates where the Group makes estimates are:

Notes to the accounts
For the year ended 31 December 2015

1. Accounting policies (continued)

Significant accounting judgements and estimates (continued)

Impairment
Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security, based on the probability of the loan going to repossession. Estimates are required of the likely forced sale discount on the property and likelihood of the loan going to repossession based on the limited historical experience of the vehicle.

Effective interest rate (EIR)
In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. These estimates are based on historical data and reviewed as appropriate to reflect the expectations at the balance sheet date. Any changes in these estimates will result in an adjustment to the carrying value of the deferred consideration. The corresponding charge or release to the profit and loss will be included in the year in which the estimates are revised.

For all financial assets and liabilities measured at amortised cost, income and expenses are recognised in the profit and loss on an EIR basis.

Fair value
Fair values are used in these financial statements for recognition (derivatives) and disclosure purposes.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The existence of published price quotations in an active market is the best evidence of fair value and when they are available they are used. If the market for a financial instrument is not active, fair value is established using a valuation technique. Fair value represents point-in-time estimates that may change in subsequent reporting years due to market conditions or other factors.

The fair value of derivatives is calculated as the present value of their estimated future cash flows and quoted market prices.

The carrying value of trade debtors and creditors, as well as other prepayments and accruals, approximates to their fair value.

Segmental reporting
The Company and Group have not disclosed segmental information because in the opinion of the directors the Company and Group operate in one business sector and generate all income in the United Kingdom.

2. Directors' remuneration and employees

The Company has no employees (2014: Nil).
No directors' remuneration was paid directly by the entity or the subsidiaries during the year (2014: £ Nil).

Notes to the accounts
For the year ended 31 December 2015

3. Interest receivable and similar income

	Group	
	2015	2014
	£000s	£000s
Interest receivable on mortgage loans	**24,967**	27,627
Bank interest	**119**	105
Swap interest (net)	**(1,012)**	(1,288)
Effective interest rate income adjustment	**(1,253)**	(1,326)
	22,821	25,118

For the Company, any expenses incurred such as audit fees are charged to the Group entities as recharge income. During the year, the Company has recharged the Group entities for audit fees of £3,780 (2014 £3,780) and this is recognised as revenue in the Company's profit and loss account.

4 Fair value movements of derivatives

	Group	
	2015	2014
	£000s	£000s
Fair value loss on derivative assets	**1,725**	2,343
Fair value (gain)/loss on derivative liabilities	**(63)**	118
	1,662	2,461

5. Interest payable and similar charges

	Group	
	2015	2014
	£000s	£000s
Loan interest payable to noteholders	**9,069**	9,322
Payment to the residual holders	**8,984**	11,178
	18,053	20,500

6. Impairment (credit) / charge

	Group		Company	
	2015	2014	**2015**	2014
	£000s	£000s	**£000s**	£000s
Bad debts provision	**(4,358)**	(1,612)	-	-
Bad debts written off	**1,370**	2,029	-	-
	(2,988)	417	-	-

Notes to the accounts
For the year ended 31 December 2015

7. Profit before taxation is stated after charging;

	Group	
	2015	2014
	£000s	£000s
Auditor's remuneration for the audit of the financial statements - Group entities	**132**	132

During the year, the Company audit fees were £3,780 (2014 £3,780) and this is recognised as expense in the Company's profit and loss account.

8. Taxation

(a) Analysis of taxation charge

	Group	
	2015	2014
	£000s	£000s
UK corporation tax:		
Current Tax	**1**	-
Deferred tax adjustment	**-**	-
Total tax charge	**1**	-

The Company's subsidiaries have made an election to be taxed under the permanent regime of taxation of securitisation companies as laid down by SI 2006/3296. As a result of this election each subsidiary will be subject to tax on its 'retained profits' as determined in the securitisation documents. As a result, the Company has adjusted its expectation of the timing differences which will reverse on the fair value of derivatives. Accordingly, its estimate of the taxable timing differences is now nil.

(b) Factors affecting the tax charge for the year

	Group	
	2015	2014
	£000s	£000s
Profit on ordinary activities before tax for the year (Group)	**4,461**	725
UK corporation tax @ 20.25% (2014:21.5%)	**903**	156
Profit not subject to tax	**(902)**	(156)
Total current tax expense	**1**	-

Notes to the accounts
For the year ended 31 December 2015

9a. Mortgage loans

	Group 2015 £000s	2014 £000s
Mortgage loan assets movement - Gross		
Mortgage loan assets brought forward	**964,609**	1,032,250
Redemptions	**(77,274)**	(65,612)
Bad debts written off	**(1,370)**	(2,029)
Mortgage loan assets carried forward	**885,965**	964,609

	Group 2015 £000s	2014 £000s
Analysis of net mortgage loan balance		
Gross mortgage loan assets	**885,965**	964,609
Effective interest rate adjustment	**1,730**	2,983
Provision for bad debt	**(4,122)**	(8,480)
At 31 December	**883,573**	959,112

9b.
Reconciliation of bad debt provision

	£000	£000
Provision for bad debt brought forward	**(8,480)**	**(10,092)**
Provision released during the year	**4,358**	**1,612**
Provision for bad debt carried forward	**(4,122)**	**(8,480)**

10. Derivative assets

	Notional value Euros 000s	Notional value £000s	Group 2015 £000s	2014 £000s
Other derivatives		**197,162**	**2,512**	4,218
FX euro currency	**32,702**		**3**	22
			2,515	4,240

Notes to the accounts
For the year ended 31 December 2015

11. Investments

The Company owns 49,999 shares (one fully paid, the remainder a quarter paid) each in the share capital of ALBA 2005-1 PLC, ALBA 2006-1 PLC, ALBA 2006-2 PLC and ALBA 2007-1 PLC.

All subsidiaries are domiciled in the U.K. and 100% owned by the Company.

The purchase of these investments was funded by means of an interest free loan from The Law Debenture Intermediary Corporation p.l.c. In accordance with the loan agreement, no principal is repayable until the Company has sufficient funds to make payments, which has not been the case for the year ended 31 December 2015.

	Company	
	2015	2014
	£000s	£000s
As at 1 January	**24**	24
Reversal of impairment of investments	**-**	-
As at 31 December	**24**	24

12. Debtors - amounts falling due within one year

	Group	
	2015	2014
	£000s	£000s
Other debtors	**576**	50
Prepayment and accrued income	**89**	96
Accrued GIC (guaranteed investment contract) interest	**7**	3
	672	149

For the Company, debt from the Group entities has been recognised in order to facilitate the payment of the audit fees of £3,780 (2014: £3,780). Thus it is an inter-company debtor and does not appear in the Group's accounts.

13. Cash at bank and in hand

	Group	
	2015	2014
	£000s	£000s
Cash deposits with instant access	**31,294**	29,164
Deposit with Barclays bank (note 17)	**34,286**	65,164
	65,580	94,328

The deposit with Barclays bank represents non-recourse borrowings that have not yet been invested in a specific mortgage portfolio and to which therefore loan noteholders have recourse.
The cash deposits with instant access include the reserve fund balance of the subsidiaries of £ 19.292 m (2014: £19.292m).

Notes to the accounts
For the year ended 31 December 2015

14. Creditors – amounts falling due within one year

	Group	
	2015	2014
	£000s	£000s
Sundry creditors	**618**	573
Interest due to noteholders	**1,015**	1,528
Audit fees : Group entities	**132**	132
Due to Noteholders under paid	**478**	-
Corporation Tax	**1**	-
	2,244	2,233

For the Company, debt from the Group entities has been recognised in order to facilitate the payment of the audit fees of £3,780 (2014: £3,780). Thus it is an inter-company debtor and does not appear in the Group's accounts.

15. Derivative liabilities

		Group	
	Notional value £000s	**2015**	2014
		£000s	£000s
Other derivatives	**185,472**	**651**	**714**
		651	**714**

Notes to the accounts
For the year ended 31 December 2015
16. Creditors – amounts falling due after one year

	Group			
	2015 €000s	**2015 £000s**	2014 €000s	2014 £000s
Class A3 Floating Rate Notes 2042		**41,085**		44,006
Class B Floating Rate Notes 2042		**13,998**		14,993
Class C Floating Rate Notes 2042		**8,567**		9,176
Class D Floating Rate Notes 2042		**4,397**		4,709
Class E Floating Rate Notes 2042		**2,619**		2,805
Class A3a Floating Loan Notes 2037		**30,089**		32,616
Class A3b Floating Loan Notes 2037		**20,210**		21,908
Class B Floating Loan Notes 2037		**40,192**		43,568
Class C Floating Loan Notes 2037		**14,095**		15,278
Class D Floating Loan Notes 2037		**9,984**		10,822
Class E Floating Loan Notes 2037		**6,754**		7,321
Class A3a Floating Rate Notes 2038		**89,250**		97,467
Class A3b Floating Rate Euro Notes 2038	**32,686**	**24,070**	35,697	27,747
Class B Floating Rate Notes 2038		**33,719**		36,824
Class C Floating Rate Notes 2038		**21,777**		23,786
Class D Floating Rate Notes 2038		**15,194**		16,594
Class E Floating Rate Notes 2038		**13,166**		14,379
Class F Floating Rate Notes 2038		**6,583**		7,189
Loan Notes Class A2 2039		**-**		30,913
Loan Notes Class A3 2039		**257,536**		269,000
Loan Notes Class B 2039		**105,800**		105,800
Loan Notes Class C 2039		**55,300**		55,300
Loan Notes Class D 2039		**34,500**		34,500
Loan Notes Class E 2039		**23,800**		23,800
Loan Notes Class F 2039		**20,400**		20,400
Subordinated Loan Notes		**19,292**		19,292
Residual Holders creditors		**-**		1,206
Loans from The Law Debenture Intermediary Corporation plc*		**49**		49
		912,426		991,445

*The loans from The Law Debenture Intermediary Corporation plc are a debt of the Company and of the Group.

All the notes are denominated in Sterling or Euro. Coupons are paid quarterly based on LIBOR plus the relevant margin. The range is LIBOR + 0.13% to 3.25% repayable at maturity.
Total of redeemed notes as per the above table is £79,019,000.

Notes to the accounts
For the year ended 31 December 2015

16. Creditors – amounts falling due after one year (continued)
In each case there is an option for early repayment which will only be exercised with the prior consent of the Irish Financial Services Regulatory Authority ("IFSRA"). The Noteholders' rights are subordinate to those of the depositors and other creditors and also to those of the shareholders in respect of share principal and accrued interest.

The Subordinated Loan Notes are recognised at their principal amount, but in the event of the Security Trustee serving an Enforcement notice, payments will be made in accordance with the "post-enforcement priority of payments" set out in the transaction documents.

Residual holders in the subsidiaries will be paid any amount left from the waterfall, after paying all the expenses, interest due to note holders, issuers profit and any shortfall on principal redemption of the notes, at each interest payment date (IPD).

The Euro/Sterling exchange rate was 1.35861 at 31 December 2015 (2014: 1.28705).

17. Liquidity facility drawdowns

Following the downgrade of Danske Bank A/S's short term rating in 2009, two of the Group entities drew down their committed liquidity facilities and in May 2013 Alba 2006-2 drew down its committed liquidity facility. On 17 June 2015 Moody's has upgraded Danske Bank A/S's long term senior unsecured debt and deposit rating to A2. On 19 June 2015, Alba 2006-2 repaid the draw down of £30,878,000 and the total breakdown of the balance is now as follows:

	Group	
	2015	2014
	£000s	£000s
Danske Bank – Liquidity facility ALBA 2005-1 (note 25)	**10,986**	10,986
Danske Bank – Liquidity facility ALBA 2006-1 (note 25)	**23,300**	23,300
Danske Bank – Liquidity facility ALBA 2006-2 (note 25)	**-**	30,878
	34,286	65,164

The balances set out above are being held in separate Barclays bank accounts as disclosed in Note 13.

18. Called up share capital

	Company	
	2015	2014
	£	£
Authorised		
Equity: 100 ordinary shares of £1 each	**100**	100
Allotted and part paid		
1 ordinary share of £1 held on trust by The Law Debenture Intermediary Corporation plc	**1**	1

19. Financial instruments and fair value of assets and liabilities

Neither the Company nor the Group entities trade in financial instruments.

The Group's financial instruments, other than the mortgage-backed floating rate notes it has issued, comprise mortgage assets, borrowings, some cash and liquid resources, and various items, such as debtors, creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to fund the initial origination of mortgages and to provide the group subsidiaries working capital. The note issue structure and interest payments thereon are designed to match the funding and risks inherent in the mortgage portfolios acquired by the group subsidiaries.

Set out below is a comparison by category of book values and fair values of the group's financial assets and liabilities as at year end.

31 December 2015

Group **Financial assets**	Assets measured at fair value through the profit and loss	Assets measured at cost less impairment	Total carrying Value	Fair value
	£000s	£000s	£000s	£000s
Mortgage loans	-	**883,573**	**883,573**	**797,833**
Cash at bank and in hand	-	**65,580**	**65,580**	**65,580**
Debtors due within one year	-	**672**	**672**	**672**
Derivative assets	**2,515**	-	**2,515**	**2,515**
Total financial assets	**2,515**	**949,825**	**952,340**	**866,600**

Group **Financial liabilities**	Liabilities at fair value through the profit and loss	Liabilities measured at amortised cost	Total carrying Value	Fair value
	£000s	£000s	£000s	£000s
Liquidity facility drawdown	-	**(34,286)**	**(34,286)**	**(34,286)**
Long term borrowings	-	**(912,377)**	**(912,377)**	**(826,637)**
Derivative liabilities	**(651)**	-	**(651)**	**(651)**
Total financial liabilities	**(651)**	**(946,663)**	**(947,314)**	**(861,574)**

At a company balance sheet level, financial assets and liabilities consist of debtors of £4,000 (2014: £4,000) and creditors of £49,000 (2014: £49,000) which are held at amortised cost. The fair value of these financial assets and liabilities materially equates to their book value.

Notes to the accounts
For the year ended 31 December 2015

19. Financial instruments and fair value of assets and liabilities (continued)

31 December 2014

Group **Financial assets**	Assets measured at fair value through the profit and loss £000s	Assets measured at cost less impairment £000s	Total carrying Value £000s	Fair value £000s
Mortgage loans	-	959,112	959,112	863,506
Cash at bank and in hand	-	94,328	94,328	94,328
Debtors due within one year	-	149	149	149
Derivative assets	4,240	-	4,240	4,240
Total financial assets	4,240	1,053,589	1,057,829	962,223

Group **Financial liabilities**	Liabilities at fair value through the profit and loss £000s	Liabilities measured at amortised cost £000s	Total carrying Value £000s	Fair value £000s
Liquidity facility drawdown	-	(65,164)	(65,164)	(65,164)
Long term borrowings	-	(991,396)	(991,396)	(894,388)
Derivative liabilities	(714)	-	(714)	(714)
Total financial liabilities	(714)	(1,056,560)	(1,057,274)	(960,266)

Valuation technique input - Level 1 has been used to value cash and cash equivalent and liquidity facility drawdown (see note 21).

Valuation technique using significant input – Level 2 has been used to calculate the debtors, financial liabilities- amounts falling due within one year and mortgage loans (see Note 21).
The fair values of the mortgage loans have been adjusted to take account of the market yields implied by the loan notes valuations.

Valuation technique using significant unobservable input - level 3, has been used to calculate the fair value of the loan notes and derivative instruments (see Note 21).
The fair values of the long term borrowings are calculated using the current market price for the loan notes on 31 December 2015.

At maturity, the Group subsidiaries are contractually obliged to repay the outstanding loan notes, which in total amount to £893,085,000 (2014: £970,898,000).

Notes to the accounts
For the year ended 31 December 2015

20. Financial risk management

a) General

The risks arising from exposures to the financial instruments are summarised below. When the securitisation was established, the contractual arrangement with counterparties were structured to enable the Group subsidiaries or agents on its behalf to identify all potential risks, monitor them through stress testing and other techniques, and take mitigating action as required

The Group entities enter into derivatives transactions in the nature of interest rate swaps to manage the interest rate risks associated with certain fixed and floating rate mortgages.

b) Types of risk

Credit risk

Credit risk arises primarily from the potential for default in the mortgage pools. This risk is managed via the Note Issue terms and conditions whereby credit risk is transferred to the Noteholders. All mortgages are secured on residential property, and the Group places strong emphasis on the market value of the properties.

There are no significant concentrations of risk due to the large number of customers within the mortgage portfolio.

The table below provides further information on residential loans by payment due status.

	Group			
	2015		2014	
	£000s	%	£000s	%
Not impaired				
Neither past due nor impaired	**828,183**	**93.5**	896,391	92.9
Impaired				
Past due 3 to 6 months	**37,202**	**4.2**	40,079	4.2
Past due 7 to 12 months	**13,555**	**1.5**	16,624	1.7
Past due over 12 months	**4,456**	**0.5**	7,202	0.7
	55,213	**6.2**	63,905	6.6
Possessions	**2,569**	**0.3**	4,313	0.5
	885,965	**100.0**	964,609	100.0

The maximum exposure to credit risk for the Group is represented by the carrying value of each financial asset as set out below:

20. Financial risk management (continued)

b) Types of risk (continued)
Credit risk **(continued)**

	Group	
	2015	2014
	£000s	£000s
Mortgage loans	**885,965**	964,609
Derivative assets	**2,515**	4,280
Debtors	**672**	149
Cash at bank and in hand	**65,580**	94,328
Total on-Balance Sheet and maximum exposure to credit risk	**954,732**	1,063,366

The table below sets out the carrying amount and the approximate fair value of the collateral held against exposures to customers. The estimate of fair value is based on the valuation performed at the time of borrowing or revalued using the HPI at 31 December 2015, or the most recent valuation if the loan has been individually assessed as impaired. The fair values of collateral are capped at the lower of these valuations or the carrying value of the mortgage loans.

	Carrying value	Fair value of collateral
	£000s	**£000s**
Mortgage loans	885,965	885,965

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times.

To this extent the Group has mitigated the risk by matching the floating rates on the mortgage pool with floating rate liabilities. The rates of interest on both the mortgage pool and floating rate liabilities are reset on the basis of LIBOR and BBR.

The directors regularly monitor the risks associated with any timing differences that arise with the resetting of the LIBOR and BBR rates, and have entered into interest basis swap agreements with a third party to manage this risk. The principal profiles for each swap are initially input as the expected redemption profile of the individual mortgage pools.

If LIBOR for 3-month sterling deposits was 1% higher or lower, with all other variables held constant, the effect on the Group's net interest income would be immaterial due to the equivalent movements on interest on the Loan notes.

Liquidity risk
Mortgage loan assets are funded by the issue of non-recourse notes. Liquidity risk is managed by issuing the notes prior to or at the same time as the assets are acquired. Cash flow forecasts are used to determine the Group's liquidity requirements. Liquidity risks generated by delinquencies and any ultimate credit losses are managed through the non-recourse nature of the Notes and through a liquidity facility (which the Group has not had to utilise) with Danske Bank (set in note 22).

Notes to the accounts
For the year ended 31 December 2015

20. Financial risk management (continued)

b) Types of risk (continued)
***Liquidity risk* (continued)**
The contractual undiscounted cash flows associated with financial liabilities were as follows

Group	**In less than 1 month £000s**	**After 1 month but within 3 months £000s**	**After 3 months but within 1 year £000s**	**After 1 year but within 5 years £000s**	**After 5 years £000s**	**Total £000s**
As at 31 December 2015						
Liquidity facility drawdown	-	-	**34,286**	-	-	**34,286**
Derivative liabilities	-	-	-	**651**	-	**651**
Interest on loan notes	-	**2,441**	**7,174**	**29,881**	**59,769**	**99,265**
Long term borrowings - loan notes		**18,519**	**55,054**	**241,903**	**596,901**	**912,377**
	-	**20,960**	**96,514**	**272,435**	**656,670**	**1,046,579**

Group	In less than 1 month £000s	After 1 month but within 3 months £000s	After 3 months but within 1 year £000s	After 1 year but within 5 years £000s	After 5 years £000s	Total £000s
As at 31 December 2014						
Liquidity facility drawdown	-	-	65,164	-	-	65,164
Derivative liabilities	-	-	-	714	-	714
Interest on loan notes	-	2,658	7,817	33,724	81,072	125,271
Long term borrowings - loan notes	-	15,804	46,994	216,299	712,299	991,396
	-	18,462	119,975	250,737	793,371	1,182,545

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Group's main foreign currency risk exposure is from the proportion of the mortgage – backed floating rate notes issued in connection with the Group's securitisation transactions denominated in Euro. The affected Group entity, ALBA 2006-2 PLC, has entered into cross currency swaps to provide economic hedge against the risk of fluctuations in the exchange rate, with the derivative instruments used to match the maturity of the underlying floating rate notes.

21. Financial instruments held at fair value

The Group entities adopted the requirements of IAS 39 Financial Instruments: Disclosures, instead of Section 11 and 12 of FRS 102. The amendments require an entity to classify its financial assets and liabilities held at fair value according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below.

Quoted market prices - Level 1
Financial instruments, the valuation of which are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs - Level 2
Financial instruments that have been valued using inputs other than quoted prices as described for level 1 but which are observable for the asset or liability, either directly or indirectly.

Valuation technique using significant unobservable inputs - Level 3
Financial instruments, the valuation of which incorporates significant inputs for the asset or liability that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

	Group Valuation based on			
31 December 2015	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	£000s	£000s	£000s	£000s
Cash and cash equivalent	65,580	-	-	65,580
Debtors	-	672	-	672
Mortgage loans	-	797,833	-	797,833
Derivative financial assets	-	-	2,515	2,515
Total assets	**65,580**	**798,505**	**2,515**	**866,600**
Liquidity facility drawdown	34,286	-	-	34,286
Financial liabilities amounts falling due within one year	-	2,244	-	2,244
Long term borrowings	-	-	826,637	826,637
Derivative financial liabilities	-	-	651	651
Total liabilities	**34,286**	**2,244**	**827,288**	**863,818**

Notes to the accounts
For the year ended 31 December 2015

31 December 2014	Quoted Market Prices (Level 1)	Group Valuation based on Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalent	94,328	-	-	94,328
Debtors	-	149	-	149
Mortgage loans	-	863,506	-	863,506
Derivative financial assets	-	-	4,240	4,240
Total assets	94,328	863,655	4,240	962,223
Liquidity facility drawdown	65,164	-	-	65,164
Financial liabilities amounts falling due within one year	-	2,233	-	2,233
Long term borrowings	-	-	894,388	894,388
Derivative financial liabilities	-	-	714	714
Total liabilities	65,164	2,233	895,102	962,499

22. Borrowing facilities

The Group entities Alba 2005-1 PLC, Alba 2006-1 PLC and Alba 2006-2 PLC drew down their committed Liquidity Facility, all be it not utilised, following the downgrade of the short term credit rating of Danske Bank (see note 17 for the amount withdrawn from Danske and deposited with Barclays bank).
On 17 June 2015, Moody's ratings agency affirmed Danske bank A/S baa1 BCA and upgraded its long-term senior unsecured debt and deposit rating to A2.
On 23 June 2015 the Alba 2006-2 repaid the drawdown to Danske bank A/S.

23. Reconciliation of operating profit to net cash flow from operating activities

	Group		Company	
	2014	2014	**2015**	2014
	£000s	£000s	**£000s**	£000s
Operating profit before tax	**4,461**	725	-	-
(Increase) / decrease in debtors	**(523)**	3	-	-
Decrease in effective interest rate adjustment	**1,253**	1,326	-	-
Increase in creditors	**10**	203		-
Decrease in provision for bad debts	**(4,358)**	(1,612)	-	-
Reversal in impairment of investments	-	-	-	-
Bad debts written off	**1,370**	2,029	-	-
Decrease / decrease in derivative assets	**1,725**	2,343	-	-
(Decrease) / increase in derivative liabilities	**(63)**	118	-	-
Net cash inflow from operating activities	**3,875**	5,135	-	-

Notes to the accounts
For the year ended 31 December 2015

24. Analysis of net debt

	Group		Company	
	2015	2014	**2015**	2014
	£000s	£000s	**£000s**	£000s
Cash in hand and in bank 31 December	**65,580**	94,328	-	-
Liquidity facility drawdown, net of repayment	**(34,286)**	(65,164)	-	-
Loan notes (excluding loan)	**(912,377)**	(991,396)	-	-
Interest free loan	**(49)**	(49)	**(49)**	(49)
Net debt at 31 December	**(881,132)**	(962,281)	**(49)**	(49)

Reconciliation of net cash flow to movement in net debt

	Note	Group		Company	
		2015	2014	**2015**	2014
		£000s	£000s	**£000s**	£000s
Net debt as at 1 January		**(962,281)**	(1,033,027)	**(49)**	(49)
Less loan notes redeemed		**77,813**	66,942	-	-
Reduction in Sub notes		**-**	(505)	-	-
Residual holder creditor		**1,206**	2,366	-	-
Danske Bank A/S		**30,878**	-	-	-
Cash received from other loans		**(852,384)**	(964,224)	**(49)**	(49)
(Decrease) / increase in cash in the year		**(28,748)**	1,943	-	-
Net debt as at 31 December		**(881,132)**	(962,281)	**(49)**	(49)

25. RELATED PARTY TRANSACTIONS

There are no related party transactions requiring disclosure under Section 33 of FRS 102, Related Party Disclosure.

26. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent is The Law Debenture Intermediary Corporation p.l.c., the one issued share of the Company being held at its discretion, for the benefit of charitable purposes. The shareholder is registered in England and Wales and accounts can be obtained from Fifth Floor, 100 Wood Street, London EC2V 7EX.