

Arkle Holdings Limited

Annual Report and Accounts

Year ended 31 December 2015

Registered number : 05941683

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors have pleasure in presenting their report and the unaudited financial statements for Arkle Holdings Limited (the "Company") for the year ended 31 December 2015.

The Company was dormant throughout the year and was entitled to claim audit exemption under section 480 of the Companies Act 2006.

Principal activities

The Company is a special purpose vehicle whose principal activity is to act as a parent company of Arkle Funding (No.1) Limited ("Funding 1"), its subsidiary. Funding 1 was established to acquire an interest in a portfolio of mortgage loans and to enter into financial arrangements with its related parties. No future changes in activity are envisaged.

The Company is registered in England and Wales as a limited company, with authorised share capital of £100 comprising of 100 ordinary shares of £1 each. Two ordinary shares at £1 each have been issued and fully paid up.

Results and dividends

The Company did not trade during the year ended 31 December 2015. The profit on ordinary activities before tax for the Company for the previous year was nil. No dividends were paid during the year (2014: £nil).

Business review

The directors do not envisage any activity in the Company.

Directors and directors' interests

The directors of the Company at the end of the year and subsequently were as follows:

Jason C Bingham
Martin C Schnaier
Ian G Stewart

None of the directors had a beneficial interest in the shares of the Company, or of the ultimate holding company, Sanne Trustee Company (UK) Limited.

Ian G Stewart is an employee of Bank of Scotland plc, a subsidiary of Lloyds Banking Group.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Auditors

Members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

Employees

The Company has employed no staff during the year ended 31 December 2015 or the previous year.

None of the directors received any emoluments from the Company in the current or previous year.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Statement of going concern

The directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the board:



MARTIN SCHNAIER
Sanne Group Secretaries (UK) Limited
Company Secretary

Registered Office
Asticus Building
2nd Floor
21 Palmer Street,
London
SW1H 0AD

18 April 2016

BALANCE SHEET
AT 31 DECEMBER 2015

	Notes	2015	2014
		£	£
Assets			
Current assets			
Cash and cash equivalents		2	2
Non-current assets			
Investment in subsidiary	2	1	1
Total assets		<u>3</u>	<u>3</u>
Equity and liabilities			
Called up share capital	3	2	2
Retained profits	4	1	1
Shareholders' equity		3	3
Total equity and liabilities		<u>3</u>	<u>3</u>

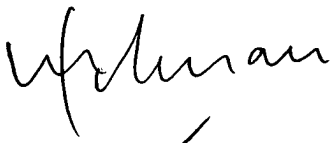
The Company had no recognised gains or losses during either year.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

- (a) For the year ended 31 December 2015 the Company was entitled to exemption under section 480 of the Companies Act 2006.
- (b) Members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- (c) The directors acknowledge their responsibility for:
 - ensuring the Company keeps accounting records which comply with section 386; and
 - preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

The accompanying notes on pages 7 to 9 are an integral part of the financial statements.

The directors approved the accounts on 18 April 2016.



Martin C Schnaier
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Retained profits	Total
	£	£	£
Balance at 1 January 2015	2	1	3
Profit for the year	-	-	-
Balance at 31 December 2015	<u>2</u>	<u>1</u>	<u>3</u>
Balance at 1 January 2014	2	1	3
Profit for the year	-	-	-
Balance at 31 December 2014	<u>2</u>	<u>1</u>	<u>3</u>

The accompanying notes on pages 6 to 9 are an integral part of the financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		£	£
Change in cash and cash equivalents		-	-
Cash and cash equivalents at start of year		<u>2</u>	<u>2</u>
Cash and cash equivalents at end of year		<u>2</u>	<u>2</u>

The accompanying notes on pages 6 to 9 are an integral part of the financial statements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Arkle Holdings Limited is a private limited liability company domiciled in England and incorporated in England and Wales.

Statement of compliance

The financial statements for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS"s) as adopted by the European Union ("EU"). IFRS comprises accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee and its predecessor. The EU endorsed version of IAS 39 'Financial Instruments: Recognition and Measurement' relaxes some of the hedge accounting requirements; the Company has not taken advantage of this relaxation, and therefore there is no difference in application to the Company between IFRS as adopted by the EU and IFRS as issued by the IASB.

The principal accounting policies applied in the preparation of these financial statements are set out below and have been applied consistently in respect of the financial years ended 31 December 2015 and 31 December 2014.

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

The financial statements have been prepared using the going concern basis.

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

The financial information has been prepared under the historical cost convention, as modified by the revaluation of the financial assets and financial liabilities as appropriate under IFRS.

Consolidated statements

The Company has taken advantage of the exemption from preparing consolidated financial statements in sections 398 of the Companies Act 2006 and International Accounting Standard 27 paragraph 10 on the grounds that it is a small sized group and due to the results of its subsidiaries being included in the consolidated financial statements of Lloyds Banking Group plc.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits.

2. INVESTMENT IN SUBSIDIARY

	2015	2014
	£	£
Investment in Arkle Funding (No.1) Ltd	<u>1</u>	<u>1</u>

Arkle Funding (No.1) Limited is registered and resident in the UK.

NOTES TO THE ACCOUNTS (CONTINUED)

3. CALLED UP SHARE CAPITAL

	2015	2014
	£	£
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

The Company was registered as Arkle Holdings Limited in England and Wales on 20 September 2006 as a limited company, with authorised share capital of £100 comprising of 100 ordinary shares of £1 each. Of the 100 authorised shares, 2 shares were issued, both of which were fully paid up.

4. RETAINED PROFITS

	2015	2014
	£	£
At beginning of year	1	1
Profit for the year	<u>-</u>	<u>-</u>
At end of year	<u>1</u>	<u>1</u>

5. RELATED PARTY TRANSACTIONS

Corporate service expenses are borne by Arkle Funding (No.1) Limited in respect of the Company and are payable to Sanne Group (UK) Limited.

NOTES TO THE ACCOUNTS (CONTINUED)

6. FUTURE ACCOUNTING PRONOUNCEMENTS

The following pronouncements are not applicable for the year ended 31 December 2015 and have not been applied in preparing these financial statements. Save as disclosed below, the full impact of these accounting changes is being assessed by the Company.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. These changes are not expected to have a significant impact on the Company.

IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach. This change in approach is not expected to have a significant impact on the Company.

The hedge accounting requirements of IFRS 9 are more closely aligned with risk management practices and follow a more principle-based approach than IAS 39. The revised requirements are not expected to have a significant impact on the Company.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. As at April 2016, this standard is awaiting EU endorsement.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Financial instruments, leases and insurance contracts are out of scope and so this standard is not expected to have a significant impact on the Company.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. As at April 2016, this standard is awaiting EU endorsement.

NOTES TO THE ACCOUNTS (CONTINUED)

7. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company at the year end was Sanne Trustee Company (UK) Limited who held the shares in trust for the benefit of certain discretionary objects (which do not include Lloyds Bank plc or any entity connected with Lloyds Bank plc).

The Company meets the definition of a special purpose entity under IFRSs. In accordance with IFRS 10 Consolidated Financial Statements, the Company's financial statements are consolidated within the group financial statements of Lloyds Banking Group plc for the year ended 31 December 2014..

The parent undertaking, which is the parent undertaking of the smallest group to consolidate these financial statements is Lloyds Bank plc. Copies of the consolidated annual report and financial statements of Lloyds Bank may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN or downloaded via www.lloydsbankinggroup.com.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated annual report and financial statements of Lloyds Banking Group plc may be obtained from Lloyds Banking Group plc's head office at 25 Gresham Street, London EC2V 7HN or downloaded via www.lloydsbankinggroup.com.

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Registered in England No. 05941683