

Registered number: 10011043

MOLINEUX RMBS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018



**MOLINEUX RMBS HOLDINGS LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

Daniel Marc Richard Jaffe
Intertrust Directors 1 Limited
Intertrust Directors 2 Limited

COMPANY SECRETARY

Intertrust Corporate Services Limited

REGISTERED OFFICE

35 Great St. Helen's
London
EC3A 6AP

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Annual Report and the audited financial statements for Molineux RMBS Holdings Limited (the "Company") for the year ended 31 December 2018.

The Company qualifies as a small company in accordance with sections 381-382 of the Companies Act 2006 (the "Act") and the Directors' Report has therefore been prepared taking into consideration the entitlement to small companies' exemptions provided in sections 414B (as incorporated to the Act by the Strategic Report and Directors' Report Regulations 2013) and 415A of the Act.

Principal activities

The Company is a special purpose entity whose principal activity is to act as a parent company of Molineux RMBS 2016-1 plc, its subsidiary. Molineux RMBS 2016-1 plc was established to issue Asset Backed Floating Rate Notes on the London Stock Exchange and use the proceeds from the issuance to acquire an interest in a portfolio of mortgage loans from Bank of Scotland plc ("BOS" and the "Originator").

The activities of the Company and Molineux RMBS 2016-1 plc are conducted primarily by reference to a series of securitisation documents (the "Programme Documentation"). The securitisation structure has been established as a means of raising finance for BOS and subsequently Lloyds Banking Group plc ("LBG"), the ultimate controlling party under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Programme Documentation sets out the workings of the transaction and the principal risks to the Noteholders. As such, these have not been reproduced in full in the financial statements.

The issued share capital of the Company comprises of one fully paid ordinary share of £1 each which is held by Intertrust Corporate Services Limited ("Intertrust CS") on a discretionary trust basis for the benefit of certain charities.

Business results and dividend

The profit before tax for the year ended 31 December 2018 was £13,635 (2017: loss of £625) and will be transferred to reserves. The prior year losses related to the interest charged on the loan from Intertrust CS which was capitalised until the loan was repaid in May 2018.

The directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: nil).

Consolidated statements

The Company has taken advantage of the exemption from preparing consolidated financial statements in sections 399(2A)(a)(i) of the Companies Act 2006 on the grounds that the Company is subject to the small companies regime and International Accounting Standard 27 paragraph 10 due to the results of its subsidiaries being included in the consolidated financial statements of Lloyds Banking Group plc ("LBG").

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Future developments

No changes to the Company's activities are envisaged.

Key performance indicators (KPIs)

The Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Claudia Wallace (resigned 20 July 2018)
Daniel Marc Richard Jaffe (appointed 20 July 2018)

Company Secretary

The company secretary during the year, and subsequently, was Intertrust Corporate Services Limited.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing the financial statements, the directors are required to:

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Directors' indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the directors' report and financial statements.

Risk management

The risks to the Company are limited to the investments held in Molineux RMBS 2016-1 plc. The Directors do not consider this investment to be impaired.

Auditors and audit information

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

Employees

The Company had no employees during the year ended 31 December 2018 (2017: none) and none of the directors received any emoluments from the Company in the current year (2017: nil).

Statement of going concern

The Company has continued to perform in line with the Programme Documentation. 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 these financial statements.

As approved by the Board of Directors and signed on its behalf by:



Helena Whitaker
Per pro Intertrust Corporate Services Limited
As Company Secretary
Registered Office
35 Great St. Helen's
London
EC3A 6AP

Date: 8 May 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Interest receivable and similar charges		-	-
Interest payable and similar charges	1	<u>(220)</u>	<u>(625)</u>
Net interest expense		<u>(220)</u>	<u>(625)</u>
Dividend received		13,855	-
Profit /(Loss) before tax		<u>13,635</u>	<u>(625)</u>
Taxation		-	-
Profit/(Loss) and total comprehensive expense for the year		<u>13,635</u>	<u>(625)</u>

The profit / loss and total comprehensive expense for the year / and prior year shown above is derived from continuing operations. The Company operates in a single business segment and all of the Company's activities are in the UK.

There was no income or expense recognised directly in equity in the current year.

The accompanying notes on pages 10 to 12 are an integral part of the financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Assets			
Investment in subsidiary undertaking	3	12,501	12,501
Cash	4	1	1
		<hr/>	<hr/>
Total assets		12,502	12,502
		<hr/>	<hr/>
Equity and liabilities			
Current tax liability	5	0	0
Loan from related company	6	0	13,635
Equity			
Share capital		1	1
Accumulated profit/(losses)		12,501	(1,134)
		<hr/>	<hr/>
Total equity		12,502	(1,133)
		<hr/>	<hr/>
Total equity and liabilities		12,502	12,502
		<hr/>	<hr/>

For the year ended 31 December 2018, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- (i) the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- (ii) the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements on pages 5 to 12 were approved by the Board of Directors on 8 May 2019 and signed on its behalf by:



Helena Whitaker
Per pro Intertrust Directors 1 Limited
Director

The accompanying notes on pages 10 to 12 are an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital £	Accumulated (losses)/profit £	Total equity £
Balance at 1 January 2018	1	(1,134)	(1,133)
Profit for the year	-	13,635	13,635
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	1	12,501	12,502
	<hr/>	<hr/>	<hr/>

	Share capital £	Accumulated losses £	Total equity £
Balance at 1 January 2017	1	(509)	(508)
Loss and other comprehensive expense for the period	-	(625)	(625)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	1	(1,134)	(1,133)
	<hr/>	<hr/>	<hr/>

	2018 £	2017 £
ISSUED, CALLED UP AND FULLY PAID		
1 (2016:1) ordinary share of £1	1	1
	<hr/>	<hr/>

The accompanying notes on pages 10 to 12 are an integral part of the financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 Year £	2017 Period £
Net cash flows used in operating activities	-	-
Investing activities		
Dividend received	13,855	-
	<hr/>	<hr/>
Net cash flows used in investing activities	<hr/> - <hr/>	<hr/> - <hr/>
Financing activities		
Issuer capitalisation loan	(13,855)	-
	<hr/>	<hr/>
Net cash flows generated from financing activities	<hr/> - <hr/>	<hr/> - <hr/>
	<hr/>	<hr/>
Net increase in cash and cash equivalents	<hr/> - <hr/>	<hr/> - <hr/>
	<hr/>	<hr/>
Net increase in cash and cash equivalents	<hr/> - <hr/>	<hr/> - <hr/>
Cash and cash equivalents at 1 January / at incorporation	1	1
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	<hr/> 1 <hr/>	<hr/> 1 <hr/>

The cash flow statement is presented using the direct method.

The accompanying notes on pages 10 to 12 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The Company is a private limited liability company domiciled in England and Wales, and incorporated under the Companies Act 2006.

(a) Basis of preparation

The financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union. The standards applied by the Company are those endorsed by the European Union and effective at the date the financial statements are approved by the Board. All accounting policies have been consistently applied in the financial statements.

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using IFRS and comply with the relevant provisions of Part 15 of the Companies Act 2006.

The financial statements are presented in Sterling which is the Company's functional and presentation currency and have been prepared on the historical cost basis.

The directors consider that there are no critical accounting estimates and judgments.

(b) Consolidated statements

The Company has taken advantage of the exemption from preparing consolidated financial statements in sections 399(2A)(a)(i) of the Companies Act 2006 on the grounds that the Company is subject to the small companies regime and International Accounting Standard 27 paragraph 10 due to the results of its subsidiaries being included in the consolidated financial statements of Lloyds Banking Group plc ("LBG").

(c) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and cash equivalents

The cash is held in a client account administered by Intertrust Management Limited ("Intertrust"), a related party. The balance is held to the benefit of the Company and is available on demand. The account is not interest bearing.

(e) Investment in subsidiary undertakings

The investments in subsidiary undertakings are reflected in the Company balance sheet at cost net of any impairment.

(f) Capital management

The Company is not subject to externally imposed capital requirements in the current and prior year. The Company manages its ordinary share capital in order that there is sufficient capital, in the opinion of the directors, to support the transactions and level of business undertaken by the Company, considering the financial support given by LBG.

(f) Going Concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company LBG. The directors have received confirmation that LBG intends to support the Company for at least one year after these financial statements are signed.

1. . INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Interest on loan from related company	<u>220</u>	<u>625</u>

2. DIVIDEND RECEIVED

	2018	2017
	£	£
Dividend received from Molineux RMBS 2016-1 Plc	<u>13,855</u>	<u>-</u>

The Company entered into a loan agreement on 9 March 2016 for an aggregate amount of £12,502 with Intertrust Corporate Services Ltd specifically to finance the subscription costs in connection with its share allocation in the Issuer. Interest was charged at a rate of 5% per annum. On 26 April 2018, the Company received a dividend of £13,855 from the Issuer which enabled the Company to repay the loan received from Intertrust Corporate Services Ltd in full along with the total interest accrued as at the date of repayment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. INVESTMENT IN SUBSIDIARY UNDERTAKING

	2018	2017
	£	£
Investment in subsidiary	<u>12,501</u>	<u>12,501</u>

Details of the investment in a subsidiary undertaking, having its registered office address at 35 Great St. Helen's London, EC3A 6AP, is stated below:

<u>Name of company</u>	<u>Holding</u>	<u>%</u>	<u>Nature of business</u>
Molineux RMBS 2016-1 plc	Ordinary shares	100	Special Purpose Vehicle

4. CASH

The cash of £1 representing the share capital paid by Intertrust Corporate Services Limited and is held in a client account operated by Intertrust Management Limited and is available on demand.

5. TAXATION

	2018	2017
	£	£
Corporation tax charge for the year at a rate of 19.00% (2017:19.25%)	0	0
Total tax charge	<u>0</u>	<u>0</u>

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:

	2018	2017
	£	£
Profit before tax	13,635	0
Tax charge thereon at UK Corporation tax rate of 19.00% (2017:19.25%)	(2,591)	
Factors affecting credit		
- Non-taxable items	<u>2,591</u>	<u>0</u>
Tax credit on profit on ordinary activities	<u>0</u>	<u>0</u>

The Finance Act 2016 reduced the main rate of corporation tax to 17% with effect from 1 April 2020

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. LOAN FROM RELATED COMPANY

	2018	2017
	£	£
Loan at 1 January	13,635	13,010
Capitalisation of interest in the year	220	625
Repayment of loan on 29 th April 2018	(13,855)	
At 31 December 2018	<u>0</u>	<u>13,635</u>

6. RELATED PARTY TRANSACTIONS

During the year the total fee paid to Intertrust Management Limited for provision of services to the Company amounted to £3,661 (2017: £2,989). The fees were borne by Molineux RMBS 2016-1 plc.

7. FUTURE ACCOUNTING PRONOUNCEMENTS

There are no pronouncements applicable to the Company.

8. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Intertrust Corporate Services Limited which holds the entire issued share capital in Molineux RMBS Holdings Limited on a discretionary trust basis for the benefit of certain charities.

The Company meets the definition of a special purpose entity under IFRS. In accordance with IFRS 10 Consolidated Financial Statements, the Company's financial statements are consolidated within the group financial statements of LBG for the year ended 31 December 2018.

The parent undertaking, which is the parent undertaking of the smallest group to consolidate these financial statements is Bank of Scotland plc ("BOS"). Copies of the consolidated annual report and financial statements of BOS may be obtained from LBG 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 LBG, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated annual report and financial statements of LBG may be obtained from LBG's head office at 25 Gresham Street, London EC2V 7HN or downloaded via www.lloydsbankinggroup.com.