HORIZON CAPITAL LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2015

MEMBER OF LLOYDS BANKING GROUP

Company Number SC145063

Directors
A Edwards
P Shepherd

Secretary
Lloyds Secretaries Ltd

Registered Office
Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

Auditor
KPMG Audit plc
15 Canada Square
LONDON
E14 5GL

Bankers
Bank of Scotland plc
Head Office
The Mound
EDINBURGH
EH1 1YZ

DIRECTORS' REPORT

The Directors present their report and audited accounts of Horizon Capital Limited ('the Company') for the year ending 30 June 2015.

Principal Activity
The Company operated as an investment holding company. The Company sold its remaining investment in Silverbank Development Company Ltd during 2009. There are no plans to make any further investments.

Business Review
During 2009 the Company discovered a series of transactions through a currency bank account in the name of the Company. This account and these transactions had not previously been included in the statutory accounts of the Company. The impact of these changes is described further in Note 12 to the accounts.

An investigation was carried out and found deficiencies in the accounting records in respect of these transactions and documentation to support all transactions is not fully available.

During 2012, a guarantee granted by or on behalf of the company to a third party in prior years, relating to these transactions, was identified. The Balance Sheet contains a provision of £108,927 in respect of a current claim against the identified guarantee. The claim continues to be investigated by the Company.

Results and Dividends
The results for the year are shown in the Income Statement on page 7. The Directors do not recommend the payment of a dividend for the year (2014: £nil).

Going Concern
As set out in the 'Principles Underlying Going Concern Assumption' of the Significant Accounting Policies section of the Notes to the Accounts, the Directors intend to wind up the company once investigations into the guarantee claim are complete. Consequently it has not been deemed appropriate to prepare the financial statements under a going concern basis and therefore a break up basis has been applied.

Small Company Provisions
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Directors' Indemnities
Lloyds Banking Group plc has granted to the Directors of the Company, (including former directors who resigned during the year) a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements (or from the date of appointment in respect of the Directors who joined the Board of the Company during the financial year). Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of the Directors' period of office. The deed indemnifies the Directors to the maximum extent permitted by law. The deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, Lloyds Banking Group plc has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Directors and their Interests
The Directors at the date of this report are stated on page 2.

Dates of appointment and resignation during the year and up to the date of this report were as follows:

Director	Date of Appointment	Date of Resignation
A Edwards	24th February 2015	-
P Shepherd	24th February 2015	-
A Cumming	-	24th February 2015

The Directors had no interest in any material contract or arrangement with the Company during or at the end of the year.

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities
The Directors are responsible for preparing the 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 financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' Report is approved:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

By Order of the Directors,

A Edwards
Director

Date: 16/02/16

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZON CAPITAL LIMITED

We were engaged to audit the financial statements of Horizon Capital Limited for the year ended 30 June 2015 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 website at www.frc.org.uk/auditscopeukprivate.

Basis for disclaimer of opinion on financial statements

The audit evidence available to us was limited because there is no original documentation available for a series of transactions that have been or may have been effected by or on behalf of the company. There is uncertainty regarding whether guarantees on these transactions are actually a potential or current liability of the company and, if so, whether there are any further guarantees granted that have not yet been identified.

The financial statements have been prepared with the inclusion of estimates for these transactions, including for the guarantees as more fully explained in note 12. There has been no change in these estimates, and therefore no related income statement effect, in the current year. Without source documentation we were unable to devise any procedures to address the completeness of the transactions, their existence or the accuracy of the amounts presented in these financial statements. As a result of this we were unable to obtain sufficient, appropriate audit evidence concerning those items specified in note 12, in particular other expenses and trade and other payables. We were unable to express an opinion on the financial statements for the periods ended 31 December 2008 to 30 June 2014 with regard to this same issue.

Disclaimer of opinion on financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Emphasis of matter - non-going concern basis of preparation

Notwithstanding our disclaimer of opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1a to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, 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 HORIZON CAPITAL LIMITED (continued)

Matters on which we are required to report by exception

In respect solely of the limitation of our work due to the possible effect of the uncertainties referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- adequate accounting records have not been kept.

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:

- 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Mike Peck

Michael Peck (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
London
18/2/2016

INCOME STATEMENT

For the year ended 30 June 2015

	Note	2015 £	2014 £
Administrative expenses	2	**(30)**	(30)
Other expenses	3	**(15,424)**	(13,680)
Operating loss before financing costs		**(15,454)**	(13,710)
Net financing income	4	**-**	1,300
Loss before tax		**(15,454)**	(12,410)
Income tax	5	**3,207**	2,792
Loss for the year		**(12,247)**	(9,618)
Attributable to:			
Equity holders		**(12,247)**	(9,618)
Loss for the year		**(12,247)**	(9,618)

The notes on pages 12 to 19 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	2015	2014
	£	£
Loss for the period	**(12,247)**	(9,618)
Total comprehensive loss for the period	**(12,247)**	(9,618)
Attributable to:		
Equity holders	**(12,247)**	(9,618)
Total comprehensive loss for the period	**(12,247)**	(9,618)

Items in the statement above are disclosed net of tax.

The notes on pages 12 to 19 are an integral part of these financial statements.

BALANCE SHEET

As at 30 June 2015

	Note	2015	2014
		£	£
Assets			
Trade and other receivables	**7**	**100**	100
Cash and cash equivalents	**8**	**1,025,217**	1,031,964
Income tax receivable	**6**	**5,999**	11,179
Total assets		**1,031,316**	1,043,243
Equity			
Issued capital	**9**	**100**	100
Retained earnings		**252,241**	264,488
Total equity		**252,341**	264,588
Liabilities			
Trade and other payables	**10**	**122,927**	122,607
Amount due to parent undertaking	**14**	**656,048**	656,048
Total liabilities		**778,975**	778,655
Total equity and liabilities		**1,031,316**	1,043,243

The notes on pages 12 to 19 are an integral part of these financial statements.

The financial statements on pages 7 to 19 were approved by the Board and signed on its behalf by:

....
A Edwards
Director

Date: 16/02/16

Company Number SC145063

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Share Capital £	Retained Earnings £	Total Equity £
Balance at 30 June 2013	100	274,106	274,206
Comprehensive income			
Loss after taxation	-	(9,618)	(9,618)
Total comprehensive income	-	(9,618)	(9,618)
Balance at 30 June 2014	**100**	**264,488**	**264,588**
Comprehensive income			
Loss after taxation	-	**(12,247)**	**(12,247)**
Total comprehensive income	-	**(12,247)**	**(12,247)**
Balance at 30 June 2015	**100**	**252,241**	**252,341**

The notes on pages 12 to 19 are an integral part of these financial statements.

STATEMENT OF CASHFLOWS

For the year ended 30 June 2015

	Note	2015	2014
		£	£
Cash flows from operating activities			
Operating loss		**(15,454)**	(13,710)
Increase / (Decrease) in trade and other payables		**320**	240
Cash generated from operations		**(15,134)**	(13,470)
Amounts received / (paid) in respect of income taxes		**8,387**	342,607
Net cash from operating activities		**(6,747)**	329,137
Cash flows from investing activities			
Interest received	4	**-**	1,300
Net cash from investing activities		**-**	1,300
Net (decrease)/increase in cash and cash equivalents		**(6,747)**	330,437
Cash and cash equivalents at 1 July		**1,031,964**	701,527
Cash and cash equivalents at 30 June	8	**1,025,217**	1,031,964

The notes on pages 12 to 19 are an integral part of these financial statements.

Notes to the financial statements

1. Significant accounting policies

Horizon Capital Limited is a company incorporated and domiciled in Scotland.

The financial statements were authorised for issue by the Directors.

(a) Going concern - Principles underlying going concern assumption

The Company is reliant on funding provided by Lloyds Banking Group plc. The Directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries including the Company will continue to receive funding in the future sufficient to allow for an orderly wind-down of the company's affairs.

Following the discontinuation of operations there is a firm intention to settle the remaining net assets and wind up the company once investigations into the guarantee claim are complete (see Note 12). As such, the Directors have prepared the financial statements on a break up basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements on preparing on this basis.

(b) Basis of preparation

The financial statements, which should be read in conjunction with the Directors' Report, have been prepared on a break up basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements have been prepared under the historical cost convention.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(c) Future accounting developments

The following pronouncements may have an effect on the Company's financial statements. These pronouncements were not effective at 30 June 2015 and have not been applied in preparing these financial statements.

The full impact of these accounting changes is being assessed by the Company. With the exception of certain disclosures we would not expected these pronouncements to have a significant impact on the financial statements

Pronouncement	Nature of change	IASB effective date
IFRS 9 *Financial Instruments* [1]	Replaces IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 requires financial assets to be classified into three measurement categories, fair value through profit and 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. The requirements for derecognition are broadly unchanged from IAS 39. The standard also retains most of the IAS 39 requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value change attributable to the entity's own credit risk is recorded in other comprehensive income. The classification and measurement change is not expected to have a significant impact on the Company. IFRS 9 also replaces the existing IAS 39 'incurred loss' impairment approach with an expected credit loss approach. Loan commitments and financial guarantees not measured at fair value through profit or loss are also in scope. 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 general hedging change is not expected to have a significant impact on the Company.	Annual periods beginning on or after 1 January 2018.

1. Significant accounting policies (continued)

IFRS 15 *Revenue from Contracts with Customers* [1]	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.	Annual periods beginning on or after 1 January 2017.

1 At the date of this report, these pronouncements are awaiting EU endorsement.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During 2009 a foreign currency bank account in the name of Horizon Capital Ltd which had been used to manage a series of transactions on behalf of the company with external parties was discovered. Due to limited records of these transactions, estimates and judgements have been made particularly surrounding categorisation of these transactions and recoverability of assets recognised from those transactions.

(e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash balances held within the Lloyds Banking Group group of companies ('the Group') that are freely available and deposits held within the Group with an original maturity of three months or less.

(g) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Notes to the financial statements (continued)

1. **Significant accounting policies (continued)**

(h) Impairment (continued)

(i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Net financing costs

Net finance costs relate to interest income and interest payable on borrowings and are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

Interest income and interest payable presented in the income statement include interest on financial assets or liabilities at amortised cost on an effective rate basis.

(j) Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises 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 determined using tax rates that have been enacted or substantially enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the difference will not reverse in the foreseeable future. Income tax payable on profits is recognised as an expense in the period in which those profits arise. The tax effects of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

2. Administrative expenses

	2015	2014
	£	£
Other administrative expenses	**30**	30

3. Other expenses

	2015	2014
	£	£
Audit fees	**14,000**	13,680
Legal & professional fees	**1,424**	-
	15,424	13,680

The emoluments of the Directors are paid by a fellow group undertaking on behalf of the ultimate parent, Lloyds Banking Group, which makes no recharge to the Company. The Directors are also directors of a number of other subsidiaries of Lloyds Banking Group and are also substantially engaged in the managing of their respective business areas within the Commercial Banking Division of Lloyds Banking Group. Given this, it is not possible to make an accurate apportionment of Director's emoluments in respect of the services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

The total emoluments of the Directors are included in the financial statements of the ultimate parent company, Lloyds Banking Group plc.

4. Net financing costs

	2015	2014
	£	£
Interest income	**-**	1,300

5. Taxation

Recognised in the income statement

	2015	2014
	£	£
Current tax		
Current period credit	**(3,207)**	(2,792)
Total income tax credit in income statement	**(3,207)**	(2,792)

Reconciliation of effective tax rate

	2015	2014
	£	£
Loss on ordinary activities before tax	**(15,454)**	(12,410)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK – 20.75% * (2014: 22.5%)	**(3,207)**	(2,792)
Total income tax credit in income statement	**(3,207)**	(2,792)

* This figure is the weighted average of the tax rate applied for the 9 month period to 31 March 2015 (21%) and that for the 3 month period to 30 June 2015 (20%).

Notes to the financial statements (continued)

6. Income tax receivable

The current tax asset of £5,999 (2014: £11,179) represents the amount of income taxes receivable in respect of current and prior periods.

The Finance Act 2013 was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the corporation tax rate applicable from 1 April 2017 to 19% and from 1 April 2020 to 18%.

7. Trade and other receivables

	2015	2014
	£	£
Non-trade receivables and prepayments	**100**	100

8. Cash and cash equivalents

	2015	2014
	£	£
Cash at bank	**1,025,217**	1,031,964

9. Capital and Reserves

The distributable reserves of the Company are managed through the Group Capital and Funding Policy in order to maximise capital efficiency within the Group. Dividends are paid from reserves available for distribution to the parent undertaking as reported by the previously approved annual accounts according to parameters set out at Group level so as to avoid any build up of reserves balances within the Company.

Share capital

	2015	2014
	£	£
On issue at 30 June	**100**	100

As permitted by the Companies Act 2006, the Company has removed references to authorised share capital from its articles of association

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10. Trade and other payables

	2015	2014
	£	£
Trade payables and accrued expenses	**122,927**	122,607

Notes to the financial statements (continued)

11. Financial instruments

Market risk

Market risk is defined as the potential loss in value or earnings of the company arising from changes in external market factors. At the reporting date the Company's main exposure to market risk arose from interest rate risk, as all transactions and balances were denominated in Sterling.

Interest rate risk

Interest rate risk exists where the Company's financial assets and liabilities have interest rates set under different bases, or which reset at different times.

At the reporting date the Company held cash and cash equivalents with another Group company in a non-interest bearing bank account.

Accordingly, the Company does not consider itself to have any significant interest rate exposures.

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-balance sheet instruments.

The Company's short term liquidity requirements are supported by a facility with another Group company subject to internal limits. Overall liquidity of the Group is managed centrally.

The Company's approach to liquidity risk management is set out in the Directors' Report. All funding is provided by the Group and the table below sets out the cash flows payable by the Company in respect of financial liabilities, by remaining contractual undiscounted repayments of principal and interest at the balance sheet date.

		2015		2014
Maturity of contractual liabilities	**3-12 mths**	**Total**	**3-12 mths**	**Total**
	£	**£**	**£**	**£**
Trade and other payables	122,927	122,927	122,607	122,607
Amount due to parent undertaking	656,048	656,048	656,048	656,048
Total liabilities	**778,975**	**778,975**	778,655	778,655

Fair values

There are no differences between the carrying amounts and the fair values of financial assets and liabilities.

Trades and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

12. Estimates and judgements – uncertainty regarding a series of previously unrecorded transactions

Historical transactions

During 2009 a foreign currency bank account in the name of Horizon Capital Ltd which had been used to manage a series of transactions on behalf of the company with external parties was discovered. Prior to 31 December 2008, this account and these transactions had not previously been included in the statutory accounts of the Company. Investigations indicate that this account has existed since 1999 and was used to make a series of currency loans and other transactions which have affected the company's results in the period between 1999 and present. An investigation was conducted into the circumstances surrounding these transactions. The investigation determined that the account and transactions were financed by a loan, also not previously recorded and subsequently discharged out of profits of the transactions.

The investigation found deficiencies in the accounting records in respect to these transactions and documentation to support all transactions is not fully available. These include issues regarding completeness, accuracy and recoverability of trade and other receivables together with the completeness and accuracy of the liabilities recognised and the associated accuracy of the amounts recognised for financial income and financial expense.

As a consequence there may, in the future, be additional adjustments to the company's financial statements in respect to these transactions. The quantum of these adjustments is uncertain at this time but may be material. The outstanding loan balance (£1,294,122) was written off during 2011 as the prospects of a successful recovery were poor.

Guarantee liability

During the period to 30 June 2013, a guarantee granted by or on behalf of the company to a third party in prior years, relating to these transactions, was identified. In March 2015, the company, together with co-defendants, received legal letters for payment of the guarantee claim and in April 2015, lawyers appointed by the company submitted a notice of intention to defend the claim. At the date of this report, the lawyers are reviewing documentation provided by the complainant to support the claim. Management believes that it is too soon to say if they will be able to defend the claim; the co-defendants do not believe the complainants have a case and the final outcome is dependent on the evidence produced to support the claim in court.

As at 30 June 2015, the Balance Sheet contains a provision of £108,927 in respect of the claim against the identified guarantee.

As at 30 June 2015, given the information set out above there is ongoing uncertainty over the following balance sheet accounts:

Trade and other receivables	£100
Cash and cash equivalents	£1,025,217
Retained earnings	£252,342
Current tax receivable	£5,999
Trade and other payables	£122,927

There has been no change in these estimates, and therefore no related income statement effect, in the current year.

13. Parent Undertakings

As at 30 June 2015 the Company's immediate parent company was Bank of Scotland plc.

The Company regarded by the Directors as the ultimate parent undertaking and controlling party is Lloyds Banking Group plc which is incorporated in Scotland. Lloyds Banking Group plc has produced consolidated accounts for the year ended 31 December 2015. Copies of the annual report and accounts of Lloyds Banking Group plc for the year ended 31 December 2015 may be downloaded via www.lloydsbankinggroup.com.

14. Related party transactions

The Company has a related party relationship with its parent company Bank of Scotland Plc. A number of banking transactions are entered into with Bank of Scotland Plc in the normal course of business including loans and deposits.

The balance due to and from related parties are shown in the note to the accounts.

Details of the related party transactions during the year are disclosed in the table below.

Nature of transaction	Related Party	Outstanding balance 2015	Outstanding balance 2014	Income/expense included in profit and loss account 2015	Income/expense included in profit and loss account 2014	Disclosure in financial statements
		£	£	£	£	
Bank account	Bank of Scotland Plc	1,025,217	1,031,964	-	-	Cash and cash equivalents
Inter-company payable	Bank of Scotland Plc	(656,048)	(656,048)	-	-	Amount due to parent undertaking
Interest receivable	Bank of Scotland Plc	-	-	-	1,300	Financial income