ING Lease Holdings (UK) Limited

Report and financial statements

31 December 2013

Registered number 2453767

Contents

Strategic report

Principal activity

The Company is an investment holding company.

Business review

The Company operated as an investment holding company throughout the year.

During the year, the company transitioned from reporting under United Kingdom Generally Accepted Accounting Practice (UK GAAP) to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and has taken advantage of disclosure exemptions under this standard.

The main reason for the transition was to align the accounting of local reporting to that of group reporting. The Company's parent undertaking, ING Lease Holding NV, was notified of and did not object to the use of the EU–adopted IFRS disclosure exemptions. Given the nature of the activities of the Company there were no material differences between UK GAAP reporting and FRS 101.

Principal risks and uncertainties

The main risk of the Company is that it is dependent on its subsidiary undertaking and its ability to collect out its portfolio. ING Lease (UK) Limited, the Company's only trading subsidiary, invests significant resources in a credit control department which collects deals that have fallen into arrears. Also, the directors consider that the market value of ING Lease (UK) Limited is significantly greater than the cost included in these financial statements.

By order of the board

H Brand
Director

60 High Street
Redhill
Surrey
RH1 1NY
31 July 2014

Director's report

The directors present their report and financial statements for the year ended 31 December 2013.

Directors and directors' interests

The directors who held office in the year were as follows:

H Topper (resigned 1 May 2013)
H Brand (appointed 1 May 2013)

A Tapson was replaced by B McDougall as company secretary on 1 May 2013.

The director who held office at the end of the financial year did not have any disclosable interest in the shares of the Company.

According to the register of directors' interests, no rights to subscribe for shares in the Company or any other UK group company were granted to the director or his immediate family during the financial year.

Results and dividends

The profit after taxation amounted to £18,902,095 (2012: £2,289,836) and has been transferred to reserves. An interim dividend of £17,000,000 was paid on 12 December 2013 (2012: £nil).

Future developments

The directors do not anticipate any changes in principal activities in the forthcoming year.

Going concern

The availability of sufficient credit to finance the remaining portfolio is of paramount importance to the ongoing operation of the company. The directors have carried out an assessment of the funds required over the next twelve months and consider sufficient facilities have been committed to meet those requirements. Funds are available to the business through ING Lease (UK) Limited.

Post balance sheet events

The directors are not aware of any events subsequent to the year end that would affect the financial statements.

Disclosure of information to auditors

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

Auditors

Ernst & Young LLP will be proposed for reapproval as auditors of the Company.

On behalf of the board

H Brand
Director

60 High Street
Redhill
Surrey
RH1 1NY
31 **July 2014**

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. 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 those 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 applicable 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 Company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of ING Lease Holdings (UK) Limited

We have audited the financial statements of ING Lease Holdings (UK) Limited for the year ended 31 December 2013 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Kenneth Eglinton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London 5 August 2014

Income Statement
for the year ended 31 December 2013

	Note	**2013**	**2012**
		£	**£**
Interest receivable from group undertakings		1,902,580	2,303,434
Dividends received from group undertakings		17,000,000	-
Administrative expenses		(485)	(12,550)
Profit on ordinary activities before taxation		18,902,095	2,290,884
Tax charge on profit on ordinary activities	*5*	-	(1,048)
Profit for the financial year		18,902,095	2,289,836

The operating profit relates to continuing activities in both the current and prior year.

The notes on pages 8 to 12 form part of these financial statements.

There are no recognised gains or losses other than the loss for the year and as such no separate statement of comprehensive income is required.

Balance Sheet
at 31 December 2013

	Note	**2013**	**2012**
		£	**£**
Fixed assets			
Investments in subsidiaries	*6*	109,075,000	109,075,000
Current assets			
Trade and other receivables: amounts receivable within one year from group undertakings		65,665,466	38,585,211
Trade and other receivables: amounts due after more than one year from group undertakings		25,066,000	50,254,000
Cash at bank and in hand		19,533	19,693
		90,750,999	88,858,904
Financial liabilities: amounts falling due within one year	*7*	(3,800,000)	(3,810,000)
Net current assets		86,950,999	85,048,904
Net assets		196,025,999	194,123,904
Capital and reserves			
Called up share capital	*8*	185,450,000	185,450,000
Retained earnings		10,575,999	8,673,904
		196,025,999	194,123,904

The notes on pages 8 to 12 form part of these financial statements.

These financial statements were approved and authorised by the board of directors on 31 July 2014 and were signed on its behalf by:

H Brand
Director

Statement of changes in equity
For the year ended 31 December 2013

	Share capital	Retained earnings	Total shareholders' funds
	£	£	£
At 1 January 2013	185,450,000	8,673,904	194,123,904
Profit for the financial year	-	18,902,095	18,902,095
Dividend paid	-	(17,000,000)	(17,000,000)
At 31 December 2013	185,450,000	10,575,999	196,025,999

Notes to the financial statements

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 ultimate parent company financial statements of ING Groep NV for the year ended 31 December 2013 were authorised for issue by the board of directors on 17th March 2014. ING Groep NV is a public limited company incorporated and domiciled in The Netherlands. ING Groep NV's ordinary shares are traded on the London and New York Stock Exchanges.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company's financial statements are presented in Sterling and all values are rounded to the nearest pound except where otherwise indicated.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of ING Lease Holdings NV.

The company transitioned from UK GAAP to FRS 101 for all periods presented. The accounting policies that follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2013.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payments, because the share based payment concerns the instrument of another group entity;

(b) the requirements of IFRS 7 Financial Instruments;

(c) the requirements of paragraphs 91-99 of IFRS 13 Fair value measurement;

(d) the requirement of IAS 7 Statement of Cash Flows;

(e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1
  (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;

(f) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;

(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Investments in subsidiaries

Investments in subsidiaries are stated in the balance sheet of the company at cost less amounts written off.

At each reporting date, an assessment is made as to whether there is any indication that the investment may be impaired. If such an indication exists, the Company estimates the investment's recoverable amount. The investment is written down to the recoverable amount if this is lower than its carrying value. The impairment loss is recognised in the Company's income statement.

Notes (continued)

1 Accounting policies (continued)

Financial instruments

The Company's financial assets and liabilities include cash and deposits, trade and other receivables, trade and other payables and the interest bearing loans and other borrowings. Management determines the classification of the Company's financial assets and liabilities at initial recognition.

Financial assets

i) Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount, and are subsequently carried at amortised cost, using the effective interest method, less provisions made for doubtful receivables. Provisions are made specifically where there is evidence of a risk of non payment, taking into account ageing, previous losses experienced and general economic conditions.

ii) Cash and cash equivalents

Cash and bank balances comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less. For the purpose of the Company's statement of cash flows, cash and cash equivalents include the cash and bank balances as defined above.

Financial liabilities

i) Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

ii) Loans and other borrowings

Loans and other borrowings are initially recognised at the fair value of amounts received net of transaction costs. Loans and other borrowings are subsequently measured at amortised cost using the effective interest method.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

2 Auditors' remuneration

From 1 January 2013 Management aligned the auditors' remuneration policy with that of the rest of the ING Lease (UK) Holdings Group by expensing and paying the charge through ING Lease (UK) Limited. Fees payable for the audit for the year were £9,000.

In 2012 fees of £9,000 were expensed in the Company.

Notes (continued)

3 Directors' remuneration

The directors were employed and remunerated as executives of ING Lease Holding NV and its subsidiaries ("the Group") in respect of their services to the Group as a whole, and their remuneration has been paid by other Group companies. It is estimated that the remuneration for their services to the Company in the current year was less than £500 in total.

4 Staff numbers and costs

No persons were employed by the Company during the year (2012: Nil).

5 Taxation

Analysis of charge in year

	2013 £	2012 £
Adjustments to UK corporation tax in respect of prior periods	-	1,048
Tax charge on profit on ordinary activities	-	1,048

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below.

	2013 £	2012 £
Tax reconciliation		
Profit on ordinary activities before tax	18,902,095	2,290,884
Tax at 23.25% (2012: 24.5%)	4,394,090	561,204
Effects of		
Disallowable expenditure	76	85
Non-taxable dividend income	(3,951,918)	-
Adjustments in respect of previous periods	-	1,048
Group relief received for no payment	(442,248)	(561,289)
	-	1,048

Notes (continued)

6 Fixed Asset Investments

	£
At the beginning and end of year	109,075,000

Subsidiary undertaking	Principal activity	Year end
ING Car (Four) Holdings Limited	Dormant	December *
ING Lease (UK) Limited	Leasing	December *
ING Lease (UK) Three Limited	Leasing	December
Danwood Finance Limited	Dormant	December
ING Car (Three) Limited	Dormant	December
ING Lease (UK) Twelve Limited	Dormant	December
Cityinc	Dormant	December **
Cityincorp	Dormant	December **
Codeland Limited	Dormant	December **
Evermoor Limited	Dormant	December **
Sonhold Limited	Dormant	December **

* Subsidiaries held directly by the Company. The Company owns 100% of the £1 ordinary shares of both companies.

** Struck off on 28 January 2014.

All are registered in England and Wales. In the opinion of the directors, the investments in the Company's subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet.

7 Financial liabilities: amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	3,800,000	3,800,000
Accruals	-	10,000
	3,800,000	3,810,000

8 Called up share capital

	2013 £	2012 £
Authorised		
Ordinary shares of £1 each	225,000,000	225,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	185,450,000	185,450,000

On 12 December 2013 the Company declared and paid an interim dividend of £17,000,000 to its parent company. No final dividend will be paid.

Notes (continued)

9 Contingent Liabilities

In 2006 the Company acquired Appleyard Vehicle Contracts Limited ("Appleyard"), a company involved in car leasing. The business of Appleyard was transferred to the Company's existing car leasing subsidiary, ING Car Lease UK Limited ("Car Lease"). At the time of the acquisition of Appleyard, that company was seeking recovery of substantial amounts paid to HMRC in respect of VAT. The Company agreed to continue the recovery process on behalf of the vendors of Appleyard.

In 2011, Car Lease recovered from HMRC £8.7million including interest and net of expenses. HMRC asserted that this was all taxable and Car Lease accrued for the full amount of tax. Prior to the sale of Car Lease in 2011, Car Lease paid a dividend of £6.5million to the Company so that the Company could pay this net of tax amount due to the vendors, which compensated the Company for the associated cost which was included in 'Administrative expenses' in 2011.

However, one of the vendors of Appleyard has argued that part of the VAT recovery is not taxable and this vendor is seeking gross payment. A settlement of £450,000 was agreed and paid during 2012. The Company issued a claim against the company that provided legal advice on this matter and an amount of £112,500 was recovered in 2012.

In addition to this claim, the vendor has further argued that the interest recovered from HMRC was calculated on a low rate simple interest basis and not at a commercial compound rate. A case was referred to the European Court of Justice regarding the payment of compound interest for UK companies by the UK Government and this was referred back to the High Court in England who decided in favour of the company involved; however, the Directors are of the opinion that the UK Government will appeal the case. It is anticipated that Car Lease would claim the interest differential from HMRC and a corresponding claim would be made against Car Lease by the Company who in turn would pass the amount on to the vendor. The directors estimate the claim to be a maximum of £1.9m, however, the directors believe that it is unlikely that the UK Government will ultimately lose the case.

10 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

The ultimate parent company of the company is ING Groep NV which is incorporated in The Netherlands.

The largest group in which the results of the company are consolidated is ING Groep NV which is incorporated in The Netherlands. The smallest group in which they are consolidated is ING Lease Holding NV which is also incorporated in The Netherlands. The consolidated financial statements of both these companies are available to the public and may be obtained from Haaksbergweg 4, 1101 BX Amsterdam Zuidoost, Amsterdam, The Netherlands.

11 Transition to IFRS

For all periods up to and including the year ended 31 December 2012, the company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). These financial statements for the year ended 31 December 2013 are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2012 and the significant accounting policies meeting these requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet position as at 1 January 2012, the company's date of transition to FRS 101, and considered those changes in accounting policies and other restatements required by FRS 100 for the first time adoption of FRS 101. As such, it was determined that in the case of this company, no changes to the presentation of the financial statements are required as a result of the transition from UK GAAP to FRS 101. On transition to FRS 101, the company has applied the requirements of paragraph 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

On transition to FRS 101, the company has applied the requirements of paragraph 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".