ANZ EUROPE LIMITED
ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

COMPANY REGISTERED NUMBER 2125187

STRATEGIC REPORT

The Directors present their Strategic Report for ANZ Europe Limited (the Company) (registered no. 2125187) for the year ended 30 September 2018, in accordance with the Companies Act 2006.

In March 2018 the directors approved to dissolve the Company, as its activities are no longer consistent with the ANZ Group strategy. In November 2018, the Company's banking licence was revoked by the Prudential Regulation Authority (PRA).

The Company was renamed in December 2018, having previously been named ANZ Bank Europe Limited.

Business Review, Performance & Development

The Company is part of the ANZ Banking Group (ANZ Group) headed by Australia and New Zealand Banking Group Limited (ANZ). ANZ Group's strategy has three elements - creating the best bank in Australia and New Zealand for home owners and small business customers, building the best bank in the world for clients driven by regional trade and capital flows, and establishing common, digital-ready infrastructure to provide great customer experience, scale and control. The Company directly supports the second element above, using ANZ Group's distinctive geographic footprint, and market-leading service and insights to better meet the needs of customers and capture opportunities linked to regional trade and capital flows.

During the year ended 30 September 2018, the Company continued to provide finance, leasing transactions and other financial services. The company has a European banking passport and provides finance to companies wishing to borrow in the European Union, thus providing an equal footing to domestic banks operating in EEA states. As at 30 September 2018, the Company was regulated by the Prudential Regulation Authority (PRA).

During 2018, all of the customer transactions were exited with two exceptions; the liquidity portfolio was wound down to a single government bond; and a capital repatriation of €200m to the parent company was made. Since 30 September 2018, the remaining customer transactions have been exited. The Company expects dissolution to be complete before 30 June 2020.

The Company's remaining capital as at 30 September 2018 was primarily invested in high quality government bonds. The Company's very high liquidity metrics are driven by the high proportion of liquid assets relative to remaining net outflows.

The profit after tax for the year decreased from €138,000 to a loss after tax of €1,385,000 mainly as a result of the reduction in lending volumes, with the majority of assets comprising negative-yield government bonds.

Key Performance Indicators

	30/09/2018 €'000	30/09/2017 €'000
Net expense	(1,977)	(1,000)
Credit impairment write backs	439	892
Loss before tax	(1,695)	(260)
Loans and advances to customers	9,804	33,698
Available-for-sale securities	10,029	212,511
Liquidity coverage ratio	32,178%	1,886%
Net stable funding ratio	222%	495%

Principal Risks

The main potential risks associated with the normal operating activities of the Company are credit risk, market risk, liquidity risk and foreign exchange risk. These risks are managed at both a company level and as part of the overall ANZ Group risk management process.

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages 3-4.

The Company has not recorded transactions that inherently attract material market risk. Market related trading is not undertaken by the Company. The Company is also wholly funded by ANZ on a matched funded basis, removing any significant market risks that could directly affect the Company.

D S Brightmore-Armour
Chief Executive

20 June 2019

Registered Office:
40 Bank Street
Canary Wharf
London E14 5EJ

DIRECTORS' REPORT

The Directors present their report, together with the audited financial statements of the Company (registered no. 2125187), for the year ended 30 September 2018. The financial statements have not been prepared on a going concern basis, given the intention to dissolve the Company.

Principal Activity

The Company was incorporated in the UK on 22 April 1987.

The principal activities of the Company historically comprised the provision of finance, leasing transactions and other financial services. Wholesale funding was provided by related ANZ counterparties. It held a European banking passport and provided finance to companies wishing to borrow in the European Union. As at 30 September 2018 the Company was regulated by the Prudential Regulation Authority (PRA). In November 2018, this banking licence was revoked.

ANZ Funds Pty Limited, incorporated in Australia, is the immediate holding company.

Result for the Year

The Company made a loss after tax of €1,385,000 for the year ended 30 September 2018 compared with a profit of €138,000 for the year ended 30 September 2017.

Principal Risks and Uncertainties

The key risks and uncertainties historically faced by the Company are discussed below.

The main potential risks associated with the normal operating activities of the Company were credit risk, market risk, liquidity risk and foreign exchange risk. These risks were managed at both a Company level as well as part of the overall ANZ Group risk management process.

Management applied the ANZ Group risk framework for all risks inherent in the Company's operations. The Company's Board of Directors and Audit Committee meet on a quarterly basis where risk management is a standing agenda item.

Credit Risk

Management consistently applied the ANZ Group credit risk framework. Exposure to credit risk was monitored on an ongoing basis. This framework had the aim of ensuring a structured and disciplined approach was maintained and was supported by portfolio analysis and asset-writing strategies. The effectiveness of the framework was validated through a series of compliance and monitoring processes overseen by the ANZ Group risk committee structure.

Market Risk

The Company has not recorded transactions that inherently attract material market risk. Market related trading was not undertaken by the Company. The Company was wholly funded by ANZ on a matched funded basis. Accordingly, there were no material interest rate, currency, or price risks affecting the company.

Foreign Exchange Risk

Foreign exchange risks on translation of income and expenses were minimised by selling foreign currency amounts in return for the euro equivalent at the end of each month, removing any associated market risks that could directly affect the Company. The Company was funded by ANZ on a matched funded basis.

Liquidity Risk

The ANZ Group's liquidity and funding risks were governed by a detailed policy framework which was approved by the ANZ Board of Directors. The management of the liquidity and funding positions and risks was overseen by the ANZ Group Asset and Liability Committee (GALCO).

A liquidity facility of €1,200 million was provided to the Company by ANZ in 2013, this was reduced to €750 million in 2016 on an 8 year rolling facility, subject to annual review. This facility was cancelled on 30 November 2018 as it was no longer required as a result of the Company's exit of the majority of positions.

The Company holds a portfolio of government bonds for liquidity purposes, valued at €10,029,000 (2017: €212,511,000).

Capital

Share capital was reduced by €200,000,000 by means of a capital repatriation during the year ended 30 September 2018 (2017: no change).

Dividends

There was no dividend for 2018 (2017: nil).

Directors

The Directors who held office during the year and up to the date of this report were as follows:

J D Callender	(Chairman) (non-executive)
D S Brightmore-Armour	(Chief Executive)
J D G Branston	(Non-executive)
B D H Trenowden	(Executive, resigned 24th April 2019)
D J Green	(Non-executive, resigned 17th June 2019)
N C W Denby	(Executive)

DIRECTORS' REPORT

Transactions with Directors and Related Parties

No Director held, at 30 September 2018, any disclosable interest in the share capital of the Company, or any Group company. No Director of the Company had a material interest at any time during the year in any contracts significant to the Company's business.

There are no loans, arrangements or agreements that require disclosure under the Companies Act 2006 or International Financial Reporting Standards (IAS 24 Related Party Disclosures) regarding transactions with related parties, other than those shown in the notes to the financial statements.

Political and Other Donations

The Company made no political or other contributions for the year ended 30 September 2018 (2017: €nil).

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and 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 financial statements in accordance with IFRS 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 period. 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 IFRS 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.

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 to 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.

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.

BY ORDER OF THE BOARD

D S Brightmore-Armour
Chief Executive

20 June 2019

Registered Office:
40 Bank Street
Canary Wharf
London E14 5EJ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANZ (EUROPE) LIMITED

Opinion

We have audited the financial statements of ANZ (Europe) Limited ("the company") for the year ended 30 September 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flow and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to the decision of the Directors of the entity to discontinue the operation of the entity, which indicates the ultimate winding down of the entity. The decision constitutes a material uncertainty that casts significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The impact of uncertainties arising due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit

Directors' and Strategic report

The directors are responsible for the directors' and strategic reports. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' and strategic reports and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' and strategic reports;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Ian Freeman

Ian Freeman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL
20 June 2019

Statement of Comprehensive Income

	Note	Year to 30/09/2018 €'000	Year to 30/09/2017 €'000
Interest income	4	1,046	1,850
Interest expense	4	(2,020)	(2,347)
Net interest expense		(974)	(497)
Net fees and commissions expense	5	(885)	(500)
Net foreign exchange losses		(2)	(12)
Loss on disposal of loan facilities	5	(63)	-
(Loss) / profit on sale of bonds	5	(53)	9
Net expense		(1,977)	(1,000)
Operating expenses		(157)	(152)
Loss before impairment and tax		(2,134)	(1,152)
Credit impairment release	9	439	892
Loss before tax		**(1,695)**	**(260)**
Income tax benefit	6	310	398
(Loss) / profit for the year		**(1,385)**	**138**
Other comprehensive income, net of income tax		(20)	(283)
Total comprehensive income for the year attributable to equity holders of the Company		**(1,405)**	**(145)**

All activities are classified as continuing.

Balance Sheet

	Note	30/09/2018 €'000	30/09/2017 €'000
Assets			
Cash and bank balances	15	3,290	2,759
Available-for-sale securities	7	10,029	212,511
Net loans and advances to customers	8,9	9,804	33,698
Current tax asset	6	329	80
Deferred tax asset	6	28	41
Other assets		-	95
Total assets		23,480	249,184
Liabilities			
Deposits due to ANZ	15	9,980	34,278
Accruals and deferred income		40	41
Total liabilities		10,020	34,319
Equity			
Share capital	12	8,125	208,125
Available-for-sale reserve		(3)	17
Retained earnings		5,338	6,723
Total equity		13,460	214,865
Total equity and liabilities		23,480	249,184

These financial statements were approved by the Board of Directors on 20 June 2019.

D S Brightmore-Armour
Chief Executive

The notes on pages 9 to 23 should be read as part of the financial statements.

Cash Flow Statement

	Note	Year to 30/09/2018 €'000	Year to 30/09/2017 €'000
Cash flows from operating activities			
Profit before tax		(1,695)	(260)
Net impairment release for loans to customers		(439)	(892)
Loss before tax after non-cash adjustments		(2,134)	(1,152)
Decrease in loans and advances to customers	8, 9	24,333	48,724
Increase in tax assets		(259)	(121)
Decrease in other assets		95	175
Decrease / (increase) in available-for-sale securities		202,482	(127)
Adjustment for movement in available-for-sale reserve	7	(20)	(283)
Decrease in amounts due to ANZ	15	(24,298)	(49,009)
Decrease in accruals and deferred income		(1)	(44)
Adjustment for current year tax		333	398
Decrease in other liabilities		-	(788)
Net cash flow generated from / (used in) operating activities		200,531	(2,227)
Cash flows from financing activities			
Called up share capital reduction		(200,000)	-
Net cash flow used in financing activities		(200,000)	-
Net increase /(decrease) in cash and cash equivalents		531	(2,227)
Cash and cash equivalents at the beginning of the year	15	2,759	4,986
Cash and cash equivalents at the end of the year	15	3,290	2,759

Statement of Changes in Equity

	Share Capital €'000	Available-for-sale reserve €'000	Retained Earnings €'000	Total Equity €'000
As at 1 October 2016	208,125	300	6,585	215,010
Profit for the year			138	138
Shares redeemed during the year	-			-
Other comprehensive income, net of income tax		(283)		(283)
As at 30 September 2017	208,125	17	6,723	214,865
Profit for the year			(1,385)	(1,385)
Shares redeemed during the year	(200,000)			(200,000)
Other comprehensive income, net of income tax		(20)		(20)
As at 30 September 2018	8,125	(3)	5,338	13,460

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated in the UK on 22 April 1987.

The Company's principal activities were the provision of finance, leasing transactions and other financial services. Wholesale funding was provided by related ANZ counterparties. It held a European banking passport (revoked in November 2018) which permitted it to provide finance to companies wishing to borrow in the European Union (EU). The Company was regulated by the Prudential Regulation Authority (PRA) until the revocation of the banking licence in November 2018.

ANZ Funds Pty Limited, incorporated in Australia, is the immediate holding company.

The principal accounting policies adopted in the presentation of these financial statements are set out below.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards and its interpretations as adopted by the EU.

(b) Use of estimates and assumptions

The preparation of these financial statements requires the use of management judgements, estimates and assumptions that affect reported amounts and the application of policies. Discussions of the critical accounting estimates, which include complex or subjective decisions or assessments, are covered in note 2. Such estimates are reviewed on an ongoing basis.

(c) Basis of preparation

The directors intend to liquidate the Company following the settlement of the remaining net assets, therefore the financial statements have not been prepared on a going concern basis, but on a net realisable basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

The following standards and interpretations endorsed by the EU were available for early adoption but have not been applied in these financial statements.

Standards and amendments effective for years beginning on or after 1 January 2018:

(i) IFRS 9 *Financial Instruments* replaces IAS 39 and covers the recognition and measurement of financial instruments.

Under IFRS 9, a three-stage approach is applied to measuring expected credit losses (ECL) based on credit migration between the stages as follows:

Stage 1: At initial recognition, a provision equivalent to 12 months ECL is recognised.

Stage 2: Where there has been a significant increase in credit risk since initial recognition, a provision equivalent to full lifetime ECL is required.

Stage 3: Similar to the current IAS 39 requirements for individual impairment provisions, lifetime ECL is recognised for loans where there is objective evidence of impairment.

ECL are probability weighted and determined by evaluating a range of possible outcomes, taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The Company is in the process of assessing the impact of the application of IFRS 9 and does not expect a material impact on the collective provision currently held. Given the high credit quality of the remaining exposures held by the Company it is expected that the remaining exposure will fall into stage 1. Furthermore, all remaining third party exposures as at 30 September 2018 have since been exited.

IFRS 15 *Revenue* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. The Company has estimated the impact on its financial statements and can confirm that there is no impact.

Standards and amendments effective for years beginning on or after 1 January 2019:

IFRS 16 *Leases* replaces IAS 17 and covers the recognition, measurement, presentation and disclosure of leases.

The Company is in the process of assessing the impact of application of these standards and is not yet able to reasonably estimate the impact on its financial statements. It does not plan to adopt any of these standards or interpretations early.

(d) Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2 and the Directors' Report on page 3. In addition, note 10 to the financial statements also outline the exposure to financial risks including market, credit and interest rate risks.

The Company is not expected to continue its operations and to generate positive cash flows for the foreseeable future, as the directors have resolved to dissolve the Company. Despite this, it is anticipated that the Company will be able to meet its obligations to third parties and no material concern is expected on the recoverability of amounts due to the Company.

F The financial statements have not been prepared on a going concern basis, given the intention to wind up the Company.

NOTES TO THE FINANCIAL STATEMENTS

(e) Foreign currency translations

Functional and presentation currency

The financial statements are presented in euros, which is the Company's functional and presentation currency. The amounts in these financial statements have been rounded to the nearest thousand euros unless otherwise stated.

Transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different to those at which they were initially recognised or included in a previous financial report, are recognised in the statement of comprehensive income in the period in which they arise.

(f) Classification of financial assets

Cash and cash equivalents

Cash and cash equivalents are disclosed in the cash flow statements and consist solely of cash balances with related parties.

Available-for-sale securities

Available-for-sale (AFS) securities are primarily Treasury Bills, Certificates of Deposits and Commercial Paper. The assets are intended to be held for an indefinite period of time, but may be sold in response to liquidity requirements or changes in interest rates or exchange rates. They were initially recognised at fair value, including direct and incremental transaction costs, and are subsequently held at fair value. Gains and losses arising from changes in the fair value of AFS financial assets were recognised in the AFS reserve within equity until the financial assets are derecognised or impaired, at which time the cumulative gain or loss previously recognised within equity is transferred to the statement of comprehensive income. Interest is determined using the effective interest rate and recognised in the statement of comprehensive income. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

As the Directors intend to liquidate the company, it is expected that the remaining AFS securities will be sold within 12 months.

Net loans and advances

Net loans and advances were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They arose when the Company provided money to a debtor with no intention of trading the loans and advances.

Net loans and advances included direct finance provided to customers such as bank overdrafts, term loans and finance lease receivables.

The loans and advances were recognised at net realisable value. No adjustments were necessary to the remaining loans and advances, as the fair value is not materially different from the carrying value. This has been substantiated subsequent to year end given that the remaining positions as at 30 September have been subsequently disposed of at par without any losses on disposal incurred.

Loans were derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership. If the risks and rewards are partially retained and control over the loan is lost, then the Company derecognises the loan. If control over the loan is not lost, then the Company continues to recognise the loans to the extent of its continuing involvement.

Restructured loans are those in which the original contractual terms have been modified to provide for concessions of interest, or principal or payments due, or for an extension in maturity for a non-commercial period for reasons related to the financial difficulties of a customer. Where the modified payments of interest and principal will not recover the original carrying value of the asset, the asset continues to be reported as past due and is considered impaired. Where the modified payments of interest and principal will recover the original carrying value of the asset, the loan is no longer reported as past due or impaired provided that payments are made in accordance with the revised terms.

The ANZ Group risk grading framework is used by the Company. All loans are graded according to the level of credit risk as assessed under the principles and policies within that framework. All counterparty risk grades are subject to frequent review and monitoring to ensure the risk grades accurately reflect the credit risk of the customer and the prevailing economic conditions.

Net investment in finance leases

The Company's net investment in finance leases were recognised at net realisable value. The fair value was not materially different from the carrying value. This has been substantiated subsequent to year end given that the remaining net investment in leases as at 30 September have been subsequently disposed of at par without any losses on disposal incurred.

Net finance charges were credited to the statement of comprehensive income over the period of a lease to produce a constant periodic rate of return on the net cash investment.

Impairment losses on loans and advances

Loans and advances were reviewed at least at each reporting date for impairment. Credit impairment provisions are raised for exposures, including off-balance sheet items such as commitments and guarantees that are known to be impaired.

Exposures were impaired and impairment losses are recorded if, and only if, there was objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date, and that loss event or events has had an impact on the estimated future cash flows of the individual loan.

NOTES TO THE FINANCIAL STATEMENTS

The credit provisions raised (individual and collective) represent management's best estimate of the losses incurred in the loan portfolio at the balance sheet date based on experienced judgement. The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk.

(g) Financial liabilities

Due to ANZ

Amounts due to ANZ were initially recognised at fair value and subsequently measured at amortised cost. The interest expense is recognised using the effective interest method.

(h) Other provisions

Provisions were recognised when the Company has present legal or constructive obligations as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(i) Revenue

Net interest income

Net interest comprised interest received/receivable on loans to banks and customers, current accounts, debt securities and similar income less interest paid/payable and similar charges. Interest on assets with negative interest rates was included in interest expense. Interest income and interest expense were recognised in the statement of comprehensive income as they accrued.

Net finance charges (total rentals receivable less the capital content thereof) were credited to the statement of comprehensive income over the period of a lease to produce a constant periodic rate of return on the net cash investment.

Non-interest revenue

Fees and commissions were brought to account on an accruals basis. This includes guarantee, commitment, limit and establishment fees as well as fees earned from related party entities.

Fees and commissions that relate to a specific loan were amortised over the life of the loan

Gross earnings under finance lease

Gross earnings under finance leases represent finance charges receivable in respect of finance leases exclusive of VAT.

(j) Fee commission expense

Fees paid and payable were recognised in the statement of comprehensive income as they accrued.

(k) Income tax

Income tax expense

Income tax expense comprises current tax and is recognised in the statement of comprehensive income except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on taxable income for the year, based on tax rates and tax laws which are enacted or substantively enacted by the reporting date, and any adjustments to tax payable in respect of previous years. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The average tax rate applied for the current year is 19% (2017: 19.5%).

Deferred tax

Deferred tax is accounted for using the balance sheet method. It is measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

(l) Operating expenses

Operating expenses are recognised as services are provided to the Company over the period in which an asset is consumed or once a liability is incurred.

2. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Both individual and collective impairment losses on loans and advances (as outlined above in note (i)) are calculated using the ANZ Group model. The collective provision is estimated on the basis of historical loss experience for assets with credit characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data and events and an assessment of the impact of model risk. When the credit event relating to an exposure is observable a specific provision is raised. Judgements and reasonable estimates are considered by management to be an essential part of the process and do not impact on reliability.

NOTES TO THE FINANCIAL STATEMENTS

There were no other judgements made by management in the application of IFRS or in applying accounting policy that have a significant effect on the financial statements of the Company and there were no estimates with a significant risk of material adjustment in the next year.

Given the director's intention to liquidate the company, the accounts have been prepared on a net realisable value basis. No adjustments are necessary to the remaining assets, as the fair value is not materially different from the carrying value. This has been substantiated subsequent to year end given that the remaining positions as at 30 September have been disposed of at par without any losses on disposal incurred.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE EXPENSES

Profit on ordinary activities before taxation is stated after charging auditor's remuneration.

	Year to 30/09/2018 €'000	Year to 30/09/2017 €'000
Auditor's remuneration:		
Audit of financial statements	39	39

4. NET INTEREST INCOME

	Year to 30/09/2018 €'000	Year to 30/09/2017 €'000
Interest income:		
Available-for-sale securities with positive interest rates	-	29
Due from ANZ[1,2]	-	69
Loans and advances to customers[2]	1,046	1,752
	1,046	1,850
Interest expense:		
Available-for-sale securities	(1,278)	(1,115)
Due to ANZ[1,2]	(742)	(1,232)
	(2,020)	(2,347)
Net interest income	(974)	(497)

1 Includes transactions with related parties, refer to: Note 15. Related Party Transactions

2 Included with interest income from loans and advances to customers, are amounts relating to gross earnings under finance leases of €763,184 (2017: €991,710). The Company has a head lease/ sub lease arrangement whereby an external company is acquiring train rolling stock through the head lease and all the risks and rewards are passed to an ANZ Group counterparty, namely ANZ Bank New Zealand Limited, through the sub lease.

Included within interest expense on deposits from banks are amounts paid under finance leases of €763,184 (2017: €991,710). These offset the interest income amount mentioned above in (a) and therefore the net amount included in the Statement of Comprehensive Income is nil in respect of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

5. NON-INTEREST INCOME

	Year to 30/09/2018 €'000	Year to 30/09/2017 €'000
Net fees and commissions		
Fees and commissions income[1]	198	720
Fees and commission expense[1]	(1,083)	(1,220)
Net fees and commissions	(885)	(500)
Loss on disposal of loan facilities[1]	(63)	-
(Loss) / profit on sale of bonds	(53)	9
Total non-interest income/(expense)	(1,001)	(491)

1 Includes transactions with related parties, refer to: Note 15. Related Party Transactions.

6. INCOME TAX

	Year to 30/09/2018 €'000	Year to 30/09/2017 €'000
Loss on ordinary activities before tax	(1,695)	(260)
Tax benefit at 19% (2017: 19.5%)	322	51
Effects of:		
Non-deductible loss on disposal of loans and advances	(12)	-
Prior year adjustment	-	347
Income tax (expense) / benefit for the year	310	398

CURRENT TAX ASSET/LIABILITY

	Year to 30/09/2018 £'000	Year to 30/09/2017 £'000
Opening current tax asset/(liability)	80	(750)
Tax expense at 19% (2017: 19.5%)	322	51
Non-deductible loss on disposal of loans and advances	(12)	-
Transitional spreading of current to deferred tax under Finance (No.2) Act 2015	18	29
Cash payment/(receipt)	(80)	403
Prior year adjustment	1	347
Closing current tax asset (liability)	329	80

DEFERRED TAX ASSET/LIABILITY

	Year to 30/09/2018 £'000	Year to 30/09/2017 £'000
Opening deferred tax asset/(liability)	41	-
Tax expense at 19% on Other Comprehensive Income (2017: 19.5%)	4	55
Transitional spreading of current to deferred tax under Finance (No.2) Act 2015	(18)	(29)
Prior year adjustment	1	15
Closing deferred tax asset (liability)	28	41

NOTES TO THE FINANCIAL STATEMENTS

7. AVAILABLE FOR SALE SECURITIES

The Company held debt securities with a fair value of €10,029 thousand at 30 September 2018; these were German Treasury Bills which mature within one year.

The Company held debt securities with a fair value of €212,511 thousand at 30 September 2017; these were German and French Treasury Bills all due to mature within one year.

8. NET LOANS AND ADVANCES TO CUSTOMERS

(a) Net loans and advances to customers	Note	30/09/2018 €'000	30/09/2017 €'000
Non restructured loans and advances to customers		9,882	34,205
Accrued interest on loans and advances to customers		59	88
Gross loans and advances to customers		9,941	34,293
Provision for credit impairment	9	(137)	(575)
Deferred fee revenue		-	(20)
Net loans and advances to customers		9,804	33,698

(b) Net loans and advances - remaining maturity	30/09/2018 €'000	30/09/2017 €'000
Remaining maturity of gross loans and advances to customers:		
1 to 5 years	9,075	30,184
Over 5 years	-	1,440
Loans and advances to customers as non current assets	9,075	31,624
3 months or less but on demand	-	-
3 months or less but not on demand	-	413
1 year or less but over 3 months	807	2,148
Provision for credit impairment	(137)	(575)
Accrued interest	59	88
Loans and advances to customers as current assets	729	2,074

All of the above loans were to corporate customers and the Company does not issue loans to retail customers.

No individual provisions have been made against loans to customers and there are no material concerns over recoverability. Collective provision charges have been calculated using the ANZ Group model and are detailed in note 9.

The carrying value of loans to customers is presented at their fair value as at 30 September 2018. The majority of loans to customers reprice within 90 days with the remainder largely within 180 days.

NOTES TO THE FINANCIAL STATEMENTS

(c) Net investment in finance leases

Included within net loans and advances to customers is an amount relating to net investment in finance leases of €9,882,000 (2017: €12,400,000). The maturity is as follows:

	30/09/2018 €'000	30/09/2017 €'000
1 year or less but over 3 months	807	1,650
5 year or less but over 1 year	9,075	8,760
Over 5 years	-	4,346
	9,882	14,756

The Company has a head lease/ sub lease arrangement whereby an external company is acquiring train rolling stock through the head lease and all the risks and rewards are passed to a group counterparty, namely ANZ New Zealand Limited, through the sub lease.

9. PROVISION FOR CREDIT IMPAIRMENT

	Year to 30/09/2018 €'000	Year to 30/09/2017 €'000
Movement in provision for credit impairment		
Balance at beginning of year	576	1,468
Release of collective provision - loans and advances to customers	(439)	(892)
Balance at end of year	137	576

10. FINANCIAL RISK MANAGEMENT

Financial instrument risk management policy

Risks are managed at both a Company level as well as part of the overall ANZ Group risk management process. Management applies the ANZ Group risk framework for all risks inherent in the Company's operations. The following disclosures should be read in this context.

Strategy in using financial instruments

Exposure to credit risk, market risk, liquidity risk, operational risk, settlement and currency risk arises in the normal course of business.

ANZ Group has established the Asset and Liability, Credit and Operational Risk committees, which are responsible for developing and monitoring risk management policies in their specified areas. A Board meeting of the Company is held quarterly and details of any risk related issues affecting the Company are provided to the Board for review as deemed appropriate. ANZ Group's risk management policies are established to identify and analyse the risks faced by the ANZ Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The ANZ Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The ANZ Group Audit Committee is responsible for monitoring compliance with the ANZ Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the ANZ Group. The ANZ Group Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Within the framework detailed above, the Company Audit Committee also meets quarterly in the UK where risk management is a standing agenda item.

NOTES TO THE FINANCIAL STATEMENTS

Credit Risk

Credit risk is the financial loss from counterparties being unable to fulfil their contractual obligations.

The Company has an overall lending objective of sound growth for appropriate returns. Management consistently applies the ANZ Group credit risk framework. This framework has the aim of ensuring a structured and disciplined approach is maintained and is supported by portfolio analysis and asset-writing strategies. Exposure to credit risk is monitored by the Company on an ongoing basis and quarterly meetings of the Company Credit Committee are held to review credit risks affecting the Company.

Credit risk borne by each class of financial asset:

			30 September 2018
€'000	**External**	**Group**	**Total**
Assets			
On balance sheet exposure	19,824	3,290	23,114
Undrawn committed loans and advances to customers	-	-	-
Contingent liabilities	5,000	-	5,000
Total credit risk net of allowances and provisions	24,824	3,290	28,114

Geographical split:

€'000	UK	Europe	Other	Total
Assets				
On balance sheet exposure	3,290	19,824	-	23,114
Undrawn committed loans and advances to customers	-	-	-	-
Contingent liabilities	-	5,000	-	5,000
Total credit risk net of allowances and provisions	3,290	24,824	-	28,114

Credit risk grading as at 30 September 2018:

€'000	Strong credit profile *	Satisfactory risk *	Sub-standard but not impaired *	Total
Available-for-sale securities	10,029	-	-	10,029
Cash and bank balances	3,290	-	-	3,290
Net loans to customers	9,804	-	-	9,804
	23,123	-	-	23,123

NOTES TO THE FINANCIAL STATEMENTS

Credit risk borne by each class of financial asset:

€'000	External	Group	30 September 2017 Total
Assets			
On balance sheet exposure	246,208	2,759	248,967
Undrawn committed loans and advances to customers	136,336	-	136,336
Contingent liabilities	15,171	-	15,171
Total credit risk net of allowances and provisions	397,715	2,759	400,474

Geographical split:

€'000	UK	Europe	Other	Total
Assets				
On balance sheet exposure	2,759	246,208	-	248,967
Undrawn committed loans and advances to customers	73,814	62,522	-	136,336
Contingent liabilities	3,971	7,317	3,883	15,171
Total credit risk net of allowances and provisions	80,544	316,047	3,883	400,474

Credit risk grading as at 30 September 2017:

€'000	Strong credit profile	Satisfactory risk	Sub-standard but not impaired	Total
Available-for-sale securities	212,511	-	-	212,511
Cash and bank balances	2,759	-	-	2,759
Net loans to customers	30,863	2,834	-	33,697
	246,133	2,834	-	248,967

The credit quality of financial assets is assessed by the Company using internal ratings which aim to reflect the relative ability of counterparties to fulfil, on time, their credit-related obligations, and is based on their current probability of default.

Internal ratings

Strong credit profile
Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events. This rating broadly corresponds to ratings "Aaa" to "baa3" and "AAA" to "BBB-" of Moody's and Standard & Poor's respectively.

Satisfactory risk
Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings. This rating broadly corresponds to ratings "Ba1" to "Ba3" and "BB+" to "BB-" of Moody's and Standard & Poor's respectively.

Sub-standard but not impaired
Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term. This rating broadly corresponds to ratings "B1" to "Caa" and "B+" to "CCC" of Moody's and Standard & Poor's respectively.

Any facilities with a rating below those described above are deemed to be impaired. There were no impaired exposures reported at 30 September 2018, so no individual provision was required.

The majority of the facilities are unsecured. The remaining facilities have security held over a mixture of mortgages, shares, parental guarantees and other assets.

Market Risk

Market risk is the risk to the Company's earnings arising from changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond, commodity or equity prices.

Market risk arises when changes in market rates, prices and volatilities lead to a decline in the value of assets and liabilities, including financial derivatives. Market risk is generated through both trading activities and the interest rate risk inherent in banking books.

No direct market related trading is undertaken by the Company. The Company is funded by ANZ on a matched funded basis and foreign exchange risks on translation of income and expenses are minimised by selling foreign currency amounts in return for the euro equivalent at the end of each month. Accordingly, there are no material interest rate,

NOTES TO THE FINANCIAL STATEMENTS

currency, or price risks affecting the Company. The Company's sensitivity to a 1bp movement in interest rates at 30 September 2018 is a change in net interest income of €21,475.

Liquidity Risk

Liquidity risk is the risk that the Company has insufficient capacity to fund increases in assets, or is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations, and may be impacted from internal and/or external events.

The Group's liquidity and funding risks are governed by a detailed policy framework which is approved by the ANZ Board of Directors. The management of the liquidity and funding positions and risks are overseen by the GALCO.

The Company has invested the majority of its capital in Treasury bills (classified as available-for-sale securities in the financial statements).

Detailed below is the maturity analysis of the financial liabilities of the Company, which is based on contractual maturity rather than the expected timescale of the winding up of the Company:

30 September 2018 €'000	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years
Assets							
Cash and bank balances	3,290	3,290	3,290	-	-	-	-
Available-for-sale securities	10,029	10,000	-	-	10,000	-	-
Loans and advances to customers	9,804	11,730	-	-	2,473	9,258	-
Total assets	23,123	25,020	3,290	-	12,473	9,258	-
Liabilities							
Deposits from bank	9,980	11,730	-	-	2,473	9,258	-
Total liabilities	9,980	11,730	-	-	2,473	9,258	-

30 September 2017 €'000	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	Over 5 years
Assets							
Cash and bank balances	2,759	87,408	4,986	-	-	-	-
Available-for-sale securities	212,511	211,057	-	-	211,057	-	-
Loans and advances to customers	33,698	86,921	3	26,408	5,291	49,665	5,554
Total assets	248,968	385,386	4,989	26,408	216,348	49,665	5,554
Liabilities							
Deposits from bank	34,278	87,408	141	26,240	3,116	53,257	4,654
Total liabilities	34,278	87,408	141	26,240	3,116	53,257	4,654

The above analysis assumes future interest rates are equal to the current rates at 30 September 2018 and 30 September 2017 respectively.

NOTES TO THE FINANCIAL STATEMENTS

Interest Rate Sensitivity

The asset and liability repricing is shown below:

30/09/2018 €'000	Year end interest rate	Less than 1 year	1 to 5 years	Fixed rate	Not bearing interest	Total
Assets						
Cash and bank balances	0.00%	3,290	-	-	-	3,290
Available-for-sale securities	-0.73%	-	-	10,029	-	10,029
Loans and advances to customers	7.00%	-	-	9,882	(78)	9,804
Total assets		3,290	-	19,911	(78)	23,123
Liabilities						
Due to ANZ	7.00%	-	-	9,882	98	9,980
Total liabilities		-	-	9,882	98	9,980
Net repricing profile		3,290	-	10,029	(176)	13,143

The Company's sensitivity to a 1bp movement in interest rates at 30 September 2018 is a change in net interest income of €329 (2017: €276)

30/09/2017 €'000	Year end interest rate	Less than 1 year	1 to 5 years	Fixed rate	Not bearing interest	Total
Assets						
Cash and bank balances	0.00%	2,759	-	-	-	2,759
Available-for-sale securities	-0.77%	-	-	212,511	-	212,511
Loans and advances to customers	3.42%	21,804	-	12,400	(506)	33,698
Total assets		24,563	-	224,911	(506)	248,968
Liabilities						
Due to ANZ	2.60%	21,804	-	12,400	74	34,278
Total liabilities		21,804	-	12,400	74	34,278
Net repricing profile		2,759	-	212,511	(580)	214,690

NOTES TO THE FINANCIAL STATEMENTS

11. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Net fair value is the fair value adjusted for transaction costs.

All financial instruments in the Company are stated at fair value as at 30 September 2018, or carried at amounts not materially different from their fair value as at 30 September 2017.

For cash, it is assumed fair value is equal to carrying value as only major currencies are held (US dollars, Euros and Sterling).

Available-for-Sale assets are fair valued based on externally-quoted market values.

Loans and advances to customers, and the corresponding liabilities due to ANZ, represent a single loan to an external customer which forms part of a head lease/sub lease arrangement whereby an external company is acquiring train rolling stock through the head lease and all the risks and rewards are passed to a group counterparty, namely ANZ New Zealand Limited, through the sub lease. There is no credit risk to the Company, given the back-to-back arrangement with the credit exposure held by another entity with the same ultimate parent company. The loan is at a fixed interest rate, with the liability on identical terms. There is therefore no net interest rate risk to the Company. For these reasons, the fair value is estimated to be not materially different to the carrying value.

The fair value of loans and advances to customers has been re-assessed for 2018, and the finance lease has been reclassified to level 3 from level 2. Given the back to back structure of the transaction, with significant unobservable inputs primarily related to the credit risk of the individual instruments, it has been concluded that level 3 is the most appropriate for such a lease. Previously, loans and advances had been assessed as a portfolio, with the majority being valued at level 2 based on their variable interest rate. The fair value of the finance lease in 2017 was €12,400 thousand. Subsequent to the end of the year, the lease was transferred at par to another entity in the group.

Financial liabilities predominantly represent funding of the back to back finance lease transaction. It has been assessed that this also be reclassified to level 3 given that the characteristics of the liability match that of the asset.

The valuation process is analysed into the following three fair value hierarchy levels:

Level 1 – Quoted market prices in active markets
Level 2 – Valuation techniques using observable inputs
Level 3 – Valuation techniques using unobservable inputs

30/09/2018	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
€'000				
Financial Assets				
Cash and bank balances	3,290	3,290	-	-
Available-for-sale	10,029	10,029	-	-
Loans and advances to customers	9,804	-	-	9,804
Total financial assets	23,123	13,319	-	9,804
Financial Liabilities				
Due to ANZ	9,980	-	-	9,980
Total financial liabilities	9,980	-	-	9,980
Net financial instruments	13,143	13,319	-	(176)

NOTES TO THE FINANCIAL STATEMENTS

30/09/2017 €'000	Carrying amount	Level 1	Level 2	Level 3
Financial Assets				
Cash and bank balances	2,759	2,759	-	-
Available-for-sale	212,511	212,511	-	-
Loans and advances to customers	33,698	-	33,698	-
Total financial assets	248,968	215,270	33,698	-
Financial Liabilities				
Due to ANZ	34,278	-	34,278	-
Total financial liabilities	34,278	-	34,278	-
Net financial instruments	214,690	215,270	(580)	-

NOTES TO THE FINANCIAL STATEMENTS

12. SHARE CAPITAL

	Authorised Capital		Issued and Fully Paid	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Ordinary Shares:				
Ordinary shares of €1 each	8,125	208,125	8,125	208,125
Number of shares	8,125	208,125	8,125	208,125

Capital Management

At 30 September 2018, the capital of the Company comprises €8,125,000 of ordinary shares (2017: €208,125,000). In addition to this, the Company has €5,338,000 of retained profits at that date (2017: €6,723,000).

The Board of Directors' policy is to maintain a strong capital position. Management reviews the return on capital and seeks to maintain a balance between the higher returns that might be possible with higher balance sheet volumes and the advantages and security afforded by a sound capital position.

As at 30 September 2018 the Company was regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and was subject to externally imposed capital requirements by the PRA. The management of the Company believes that it maintained compliance with all significant regulations.

No dividend was paid for the year ended 30 September 2018 (2017: nil).There was a capital reduction of €200,000,000 in the year ended 30 September 2018 (2017: nil), by means of cancelling the shares and returning the capital as cash to the immediate parent company.

13. GUARANTEES AND COMMITMENTS

	30/09/2018	30/09/2017
	€'000	€'000
Guarantees issued		
Direct Credit Substitutes	3,883	3,883
Trade and Performance Related items	-	11,287
Commitments	1,117	136,336

The remaining guarantee was cancelled on 23 April 2019. The Company was not required to compensate the counterparty for cancellation the guarantee. Given that there were no losses associated with cancellation of the guarantee, the carrying amount as at 30 September 2018 was not materially different from the net realisable value.

14. COUNTRY BY COUNTRY REPORTING (UNAUDITED)

The Company is required to comply with country by country reporting (CBCR) obligation which was introduced through Article 889 of the EU Directive 2013/36/EU, and is otherwise known as the Capital Requirements Directive IV (CRDIV).

Nature of activities and geographical location

The Principal activities of the Company comprise the provision of finance, leasing transactions and other financial services. It has been issued with a European banking passport and provides finance to companies wishing to borrow in the European Union. The Company is regulated by the PRA.

ANZ Funds Pty Limited, incorporated in Australia, is the immediate holding company.

Country by country reporting

Jurisdiction – UK	No. of Employees	Turnover	Profit/(Loss) before tax	Income tax benefit/ (expense)	Total tax paid	Public subsidies received
	€'000	€'000	€'000	€'000	€'000	€'000
Year to 30 September 2018	-	(1,977)	(1,695)	333	(80,000)	-
Year to 30 September 2017	-	(1,000)	(260)	398	440,000	-

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

ANZ, a company incorporated in Australia is the ultimate parent company, the ultimate controlling undertaking and the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up.

100% of the Company's voting rights are controlled within the group headed by ANZ. The consolidated financial statements of ANZ can be obtained from the Australian Securities and Investments Commission, Melbourne, Victoria.

The Company has related party transactions with ANZ where current account facilities and funding is provided to the Company. The effect of these are reported in the Company's balance sheet within cash and bank balances, and due to ANZ. In the statement of comprehensive income, related interest is shown in both interest income and interest expense. In addition to this, the Company is charged a fee for management services by ANZ, shown within fees and commissions payable.

To the extent that individual counterparty exposures exceed the Company's regulatory limits, these are secured by a parental guarantee from Australia and New Zealand Banking Group Limited in favour of the Company. The fee charged for providing this guarantee is shown within fees and commissions payable.

Balances with ANZ and related parties	**30/09/2018**	**30/09/2017**
	€'000	**€'000**
Cash and bank balances	3,290	2,759
Deposits due to ANZ		
Deposits	9,921	34,193
Accrued interest payable	59	85
Due to ANZ	9,980	34,278
Deposits due to ANZ - maturity analysis		
Current	1,913	2,639
Non-current	8,067	31,639
Due to ANZ	9,980	34,278

A liquidity facility of €750 million has been provided to the Company by ANZ, subject to annual review. This facility was cancelled on 30 November 2018 as it was no longer required as a result of the Company's exit of the majority of positions.

Transactions with ANZ and related parties	**Year to 30/09/2018**	**Year to 30/09/2017**
	€'000	**€'000**
Interest income		
Cash and bank balances	-	-
Interest expense		
Due to ANZ	(742)	(1,232)
Net interest income	(742)	(1,232)
Fees and commissions received	-	63
Fees and commissions paid	(1,083)	(1,220)
Loss on sale of loans and advances	-	(1,900)
Non-interest income	(1,083)	(3,057)

Key management personnel are Directors. There were no transactions, arrangements or agreements in respect of Directors or persons connected with them in force at any time during the year (other than in respect of remuneration).

The fees paid and accrued by the Company during the year to the Directors are detailed below. No other benefits were paid or accrued to the Directors.

J D Callender € 53,127 (2017: € 48,583)
J D G Branston € 38,715 (2017: € 37,827)

NOTES TO THE FINANCIAL STATEMENTS

The other Directors are employed by the ultimate parent entity, ANZ. Their main responsibilities reside in provision of services to the ultimate parent entity which remunerates them in respect of those services. The share of these Directors activities that are associated with the duties of the Company is immaterial.

16. POST BALANCE SHEET EVENTS

Subsequent to 20 September 2018, a number of events have taken place in accordance with the decision to wind up the Company:

1. The Company's banking licence was revoked by the Prudential Regulation Authority (PRA) in November 2018.
2. The Company's name was changed from ANZ Bank (Europe) Limited to ANZ Europe Limited in December 2018.
3. The two remaining customer positions as at 30 September 2018 were exited. The head lease/sub lease arrangement was transferred to other another entity with the same ultimate parent company (ANZ Banking Group Limited). The transfer resulted in a decrease of €9,579 thousand to Loans and Advances to Customers and due to related parties, respectively. The guarantee was cancelled. Both of these positions were exited at par without any additional losses incurred on disposal.

All of these events are deemed not to require further adjustments to the financial statements as at 30 September 2018.