Birmingham Midshires Mortgage Services Limited

Annual report and accounts
for the 18 month period ended 30 June 2017

Registered office

Trinity Road
Halifax
West Yorkshire
HX1 2RG

Registered number

02290360

Current directors

A R Agarwal
M J P Jones

Company Secretary

Lloyds Secretaries Limited

Member of Lloyds Banking Group

Directors' report

For the period ending 30 June 2017

The directors present their report and the audited financial statements of Birmingham Midshires Mortgage Services Limited ("the Company") for the 18 month period ended 30 June 2017.

General information

The Company is a limited company incorporated and domiciled in England and Wales (registered number: 02290360).

This Company has previously been a dormant holding company for its subsidiary undertakings. However, during the current accounting period Birmingham Midshires Mortgage Services No. 1 Limited was struck off and Bavarian Mortgages No. 5 Limited was placed into voluntary members liquidation.

Dividends

No dividends were paid or proposed during the period ended 30 June 2017 (year ended 31 December 2015: £nil). Post period end, a dividend of £16,875,000 was declared and paid.

Going concern

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Directors

The current directors of the Company are shown on the front cover.

The following change has taken place between the beginning of the reporting period and the approval of the Annual report and accounts:

A R Agarwal	(appointed 21 April 2017)
J W Egginton	(resigned 21 April 2017)

Information included in the Strategic report

The disclosures for Principal risks and uncertainties, Key performance indicators and Future outlook that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on page 3.

Directors' indemnities

Lloyds Banking Group plc has granted to the directors of the Company 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 directors who join 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 have the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of the directors' periods of office. The deed indemnifies the directors to the maximum extent permitted by law. Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Directors' report (continued)

For the period ending 30 June 2017

Statement of directors' responsibilities

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

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

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

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

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

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

Approved by the board of directors and signed on its behalf by:

M J P Jones
Director

1 March 2018

Strategic report

For the period ending 30 June 2017

The directors present their Strategic report of the Company for the period ended 30 June 2017.

Business overview and Future outlook

As noted in the Directors report, the Company has previously been a dormant holding company for its subsidiary undertakings. During the current accounting period Birmingham Midshires Mortgage Services No. 1 Limited was struck off and Bavarian Mortgages No. 5 Limited was placed into voluntary members liquidation.

The Company will eventually become dormant again once Bavarian Mortgages No. 5 Limited is dissolved.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 14 to the financial statements.

The Company is part of the wider Lloyds Banking Group, and, at that level, consideration of many of the potential implications following the UK's vote to leave the European Union has been undertaken. Work continues to assess the impact of EU exit at the level of the Lloyds Banking Group, as well as for the Company, upon customers, colleagues and products. This assessment includes all legal, regulatory, tax, finance and capital implications.

Key performance indicators ("KPIs")

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

Financial risk management

Details of the financial risk management for the Company can be found in note 14.

Approved by the board of directors and signed on its behalf by:

M J P Jones
Director

1 March 2018

Independent auditors' report to the member of Birmingham Midshires Mortgage Services Limited

Report on the financial statements

Our opinion

In our opinion, Birmingham Midshires Mortgage Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit and cash flows for the 18 month period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and accounts (the "Annual Report") comprise:

- the Balance sheet as at 30 June 2017;
- the Statement of comprehensive income for the period then ended;
- the Cash flow statement for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The *financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and* applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the member of Birmingham Midshires Mortgage Services Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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.

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) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's Previously reported as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Claire Turner

Claire Turner (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

1st March 2018

Statement of comprehensive income

For the period ending 30 June 2017

	Note	**18 month period ending 30 June 2017 £'000**	12 month period ending 31 December 2015 £'000
Gains on liquidation	3	**15,653**	-
Impairment losses on Investments in subsidiaries	4	**(1,240)**	-
Profit before tax		**14,413**	-
Taxation	8	-	-
Profit for the year attributable to owners of the parent, being total comprehensive income		**14,413**	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Balance sheet

As at 30 June 2017

	Note	As at 30 June 2017 £'000	As at 31 December 2015 £'000
ASSETS			
Other current assets	9	**20,875**	7,056
Investment in subsidiary undertakings	10	**13**	1,253
Total assets		**20,888**	8,309
LIABILITIES			
Borrowed funds	11	**13**	1,847
Total liabilities		**13**	1,847
EQUITY			
Share capital	12	**4,000**	4,000
Retained earnings		**16,875**	2,462
Total equity		**20,875**	6,462
Total equity and liabilities		**20,888**	8,309

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:

M J P Jones
Director

1 March 2018

Statement of changes in equity

For the period ending 30 June 2017

		Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	-	4,000	2,462	6,462
At 31 December 2015	-	**4,000**	**2,462**	**6,462**
Profit for the financial period being total comprehensive income	-	-	14,413	14,413
At 30 June 2017	-	**4,000**	**16,875**	**20,875**

The accompanying notes to the financial statements are an integral part of these financial statements.

Cash flow statement

For the period ending 30 June 2017

	As at 30 June 2017 £'000	As at 31 December 2015 £'000
Cash flows generated from operating activities		
Profit before tax	**14,413**	-
Adjustments for:		
Loss on liquidations	**1,240**	-
Dividend in specie	**(15,653)**	-
Net cash generated from operating activities	-	-
Change in Cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period/year	-	-
Cash and cash equivalents at the end of the period/year	-	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the financial statements
For the period ending 30 June 2017

1. Accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

The following new IFRS pronouncements relevant to the Company have been adopted in these financial statements:

(i) Annual improvement to IFRSs (issued December 2013). A collection of amendments to IFRSs from the 2010 - 12 cycle of the annual improvements projects.

(ii) Annual improvement to IFRSs (issued December 2014). A collection of amendments to IFRSs from the 2012 - 14 cycle of the annual improvements projects.

(iii) Amendments to IAS 1: Disclosure Initiative (issued December 2014). The amendments provide clarification of existing IAS 1 requirements on materiality and the presentation of the financial statements and associated notes.

The application of these pronouncements has not had any impact for amounts recognised in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 30 June 2017 and which have not been applied in preparing these financial statements are given in note 18. No standards have been early adopted.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company and its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

The financial statements have been prepared on a going concern basis as detailed in the Directors' report and under the historical cost convention.

1.2 Income recognition

Dividends

Dividend income is recognised in the period in which it is received.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings. Financial liabilities comprise Amounts due to group undertakings.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

1.4 Taxation

Current tax which is payable or receivable on taxable profits or losses is recognised as an expense or credit in the period in which the profits or losses arise.

Tax assets and liabilities are offset 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.

1.5 *Investment in subsidiary undertakings*

Investment in subsidiary undertakings is stated in the Balance sheet at cost less any provision for impairment.

Investment in subsidiary undertakings is reviewed for impairment losses at the end of each period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of comprehensive income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use. For the purposes of assessing impairment, investments are grouped at the lowest level at which cash flows are separately monitored by management.

Notes to the financial statements (continued)
For the period ending 30 June 2017

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

There are no significant estimates or judgements that have been used in the preparation of these financial statements.

3. Gains on liquidation

	18 month period ending 30 June 2017 £'000	12 month period ending 31 December 2015 £'000
Dividend in specie	**15,653**	-

During the period, the Company received £13,005,000 from Bavarian Mortgages No. 5 Limited and £2,648,000 from Birmingham Midshires Mortgage Services No. 1 Limited.

4. Impairment losses on Investments in subsidiaries

A loss of £49,000 was incurred when Birmingham Midshires Mortgages Services No. 1 Limited was struck off, and a loss of £1,191,000 has been recognised on the liquidation of Bavarian Mortgages No. 5 Limited.

5. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £4,000 (2015: £nil) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

6. Staff costs

The Company did not have any employees during the period (2015: none).

7. Directors' emoluments

No director received any fees or emoluments from the Company during the period (2015: £nil). The directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 13).

8. Taxation

	18 month period ending 30 June 2017 £'000	12 month period ending 31 December 2015 £'000
a) Analysis of charge for the period/year		
UK corporation tax:		
- Current tax on taxable profit for the period/year	-	-

Corporation tax is calculated at a rate of 19.83% (2015: 20.25%) of the taxable profit for the period.

Notes to the financial statements (continued)

For the period ending 30 June 2017

8. Taxation (continued)

b) Factors affecting the tax charge for the period/year

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

	18 month period ending 30 June 2017 £'000	12 month period ending 31 December 2015 £'000
Profit before tax	**14,413**	-
Tax charge thereon at UK corporation tax rate of 19.83% (2015: 20.25%)	**2,858**	-
Factors affecting charge:		
- Disallowed and non-taxable items	**(2,858)**	-
Tax charge on profit on ordinary activities	**-**	-
Effective rate	**0.00%**	0.00%

The Finance (No. 2) Act 2015 reduced the main rate of corporation tax to 19% with effect from 1 April 2017.

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

9. Other current assets

	As at 30 June 2017 £'000	As at 31 December 2015 £'000
Amounts due from group undertakings (see note 13)	**20,875**	7,056

Amounts due from group undertakings are unsecured, non-interest bearing and repayable on demand.

10. Investments in subsidiary undertakings

	Total £'000	Total £'000
Cost		
Cost brought forward (1 January 2015 and 1 January 2016)	**1,253**	1,253
Disposals	**(1,240)**	-
Cost at end of the period (30 June 2017 and 31 December 2015)	**13**	1,253
Provision for impairment		
Provision at 1 January 2015, 31 December 2015 and 30 June 2017)	**-**	-
Carrying value of investments (30 June 2017 and 31 December 2015)	**13**	1,253

10. Investments in subsidiary undertakings (continued)

Investment in subsidiary undertakings is stated at cost less impairment. As permitted by section 611 of the Companies Act 2006, where the relief afforded under section 612 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiaries.

The subsidiary undertakings are listed below and are all incorporated in England and Wales.

Subsidiary undertakings	Company interest	Country of incorporation	Registered address at 30 June 2017	Principal activities
Bavarian Mortgages No. 5 Limited	100.00%	England and Wales	Tower House, Charterhall Drive, Chester, CH88 3AN	Dormant
Birmingham Midshires Mortgage Services No. 1 Limited	100.00%	England and Wales	Trinity Road, Halifax, Yorkshire, HX1 2RG	Dormant

The Company's interest in each of these entities was in the form of ordinary share capital.

An application to strike off Birmingham Midshires Mortgage Services No. 1 Limited was made on 20 December 2016 and it was dissolved on 7 March 2017. Bavarian Mortgages No. 5 Limited was placed into members voluntary liquidation on 30 June 2017, and was dissolved post year end, on 13 October 2017.

11. Borrowed funds

	As at 30 June 2017 £'000	As at 31 December 2015 £'000
Amounts due to group undertakings (see note 13)	**13**	1,847

Amounts due to group undertakings is unsecured, non-interest bearing and repayable on demand, although there is no expectation that such a demand would be made.

12. Share capital

	As at 30 June 2017 £'000	As at 31 December 2015 £'000
Allotted, issued and fully paid		
4,000,000 ordinary shares of £1 each	**4,000**	4,000

At the balance sheet date the Company was owned by Western Trust & Savings Holdings Limited. On 18 August 2017 the shares were transferred to Bank of Scotland plc.

13. Related party transactions

The Company is controlled by Bank of Scotland plc. A number of transactions are entered into with related parties in the normal course of business. A summary of the outstanding balances at the period end and the related income for the period are set out below.

	As at 30 June 2017 £'000	As at 31 December 2015 £'000
Amounts due from group undertakings		
Bank of Scotland plc	**20,875**	-
Bavarian Mortgages No. 5 Limited	**-**	7,056
Total Amounts due from group undertakings (see note 9)	**20,875**	7,056
Amounts due to group undertakings		
Bank of Scotland plc	**-**	1,847
Bavarian Mortgages No. 5 Limited	**13**	-
Total Amounts due to group undertakings (see note 11)	**13**	1,847
Dividend in specie		
Bavarian Mortgages No. 5 Limited	**13,005**	-
Birmingham Midshires Mortgage Services No. 1 Limited	**2,648**	-
Total dividend in specie (see note 3)	**15,653**	-

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the period are those reflected through the Statement of comprehensive income.

13. Related party transactions (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management is comprised of the directors of the Company, the directors of Bank of Scotland plc and the members of the Lloyds Banking Group plc board. There were no transactions between the Company and key management personnel during the current period or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

14. Financial risk management

The Company's operations expose it to liquidity risk and business risk; it is not exposed to any significant credit risk, interest rate risk, market risk or foreign exchange risk. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by the immediate parent company, Bank of Scotland plc, and the ultimate parent, Lloyds Banking Group plc. The liquidity risk faced by the Company is in substance managed and borne by other group undertakings which fund the Company. Business risk is managed through regular reporting and oversight. Amounts due from group undertakings are held with Bank of Scotland plc which is rated A by Standard and Poor's, and all amounts are neither past due nor impaired.

14.1 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. To manage this risk extensive borrowing facilities are available from within the Group.

Liquidity risks are managed as part of the Group by an intermediate parent company, Lloyds Bank plc, in consultation with the board of directors. Monthly reviews of funding positions are undertaken to anticipate any shortfalls.

The Company is funded entirely by companies within the Group. Such funding is repayable on demand, although there is no expectation that such a demand would be made.

14.2 Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

14.3 Financial strategy

The Company does not trade in financial instruments, nor does it use derivatives.

14.4 Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value.

15. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

16. *Contingent liabilities and capital commitments*

There were no contingent liabilities or contracted capital commitments at the balance sheet date (2015: £nil).

Notes to the financial statements (continued)

For the period ending 30 June 2017

17. Post balance sheet events

On 13 July 2017 the Company paid a dividend in specie to its parent, Western Trust & Savings Holdings Limited of £16,875,000. Then on 18 August 2017 the Company's shares were transferred from Western Trust & Savings Holdings Limited to Bank of Scotland plc.

There are no other post balance sheet events requiring disclosure in these financial statements.

18. Future developments

The following pronouncements will be relevant to the Company but were not effective at 30 June 2017 and have not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
IFRS 9 'Financial Instruments'	Replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach. 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.	Annual periods beginning on or after 1 January 2018
Minor amendments to other accounting standards	During 2016, the IASB has issued amendments to IAS 7 Statement of Cash Flows (which require additional disclosure about an entity's financing activities) and IAS 12 Income Taxes (which clarify when a deferred tax asset should be recognised for unrealised losses) together with a number of other minor amendments to IFRSs.	Annual periods beginning on or after 1 January 2017

The full impact of these pronouncements is being assessed by the Company. However, the initial view is that they are not expected to cause any material adjustments to the reported numbers in the financial statements.

19. Ultimate parent undertaking and controlling party

At the Balance sheet date, the immediate parent company was Western Trust & Savings Holdings Limited. The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Bank of Scotland plc is the parent undertaking of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com.