AW ASSET FINANCE LIMITED
(FORMERLY A & L CF JUNE (1) LIMITED)

Registered in England & Wales
Company Number 02564315

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
27 MAY 2014

AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED)

REPORT OF THE DIRECTORS

The Directors submit their Report together with the audited financial statements for the 11 month period ended 27 May 2014.

This directors' report has been prepared in accordance with the special provisions relating to small companies under Sections 415 (A) (1) & (2) of the Companies Act 2006.

Principal activity and business review

The principal activity of AW Asset Finance Limited (the "Company") is that of lessors and financiers of assets for the corporate sector.

On 28 May 2014, the share capital of A&L CF June (1) Limited held by Santander Asset Finance plc was sold to Arulux First S.À R.L.. The Company is now wholly owned by Arulux First S.À R.L.. On 5 June 2014, the Company changed its name from A & L CF June (1) Limited to AW Asset Finance Limited.

The Company changed its accounting reference date to 27 May 2014. The accounting reference date was changed due to administrative reasons. As a result, the amounts presented in the financial statements are not entirely comparable.

Results and dividends

The profit for the 11 month period on ordinary activities after taxation amounted to £710,216 (2013: profit for the year £348,142). The Directors paid a dividend of £7,482,094 during the period (2013: Nil).

Going concern

Arunvill Capital Limited, an affiliated company, has agreed to provide financial support for at least 12 months from the date of signing these financial statements. Also, on the basis of the future business plan the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly these financial statements are prepared on a going concern basis.

Principal risks and uncertainties

The Company's financial risk management objectives and policies regarding the use of financial instruments are set out in note 4 to these financial statements.

The Company seeks to minimise its exposure to external financial risks other than equity and credit risk, further information on financial risk management policies and exposures is disclosed in notes 1, 3 and 4.

Directors

The Directors who served throughout the period and to the date of this report (except as noted) were as follows:

M W Evans	Resigned 28 May 2014
C R Morley	Resigned 28 May 2014
A N Mussert	Resigned 28 May 2014
A S Paizes	Appointed 28 May 2014
SJ Ullman	Appointed 28 May 2014

Political and charitable contributions

The Company has not made any charitable or political donations during the current period or previous financial year.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED)

REPORT OF THE DIRECTORS (continued)

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

Auditors

Ernst & Young LLP were appointed as auditors during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Stephen Ullman on behalf of the Board of Directors
Director
24 June 2015

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cashflows of the Company;
- select suitable accounting policies in accordance with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial performance, and
- state that the Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED)

We have audited the financial statements of AW Asset Finance Limited (formerly A&L CF June (1) Limited) for the period ended 27 May 2014 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the cash flow statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 May 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period end for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Davison

Andrew Davison (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor
London

24 June 2015

AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED) - 02564315

INCOME STATEMENT

FOR THE PERIOD ENDED 27 MAY 2014

	Notes	For the period ended 27 May 2014	Year ended 30 June 2013
		£	£
Revenue	5	(847,391)	130,765
GROSS (LOSS) / PROFIT		(847,391)	130,765
Administrative expenses		(75,972)	(50,213)
(LOSS) / PROFIT FROM OPERATIONS	6	(923,363)	80,552
Finance costs	7	(230,738)	(344,455)
LOSS BEFORE TAXATION		(1,154,101)	(263,903)
Taxation	8	1,864,317	612,045
PROFIT FOR THE PERIOD/ YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF AW ASSET FINANCE LIMITED		710,216	348,142

All of the activities of the Company are classed as continuing.

The accompanying notes form an integral part of the accounts.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 27 MAY 2014

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit for the current period and previous year as set out in the Income Statement.

The accompanying notes form an integral part of the accounts.

AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED) - 02564315

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 27 MAY 2014

	Issued capital £	Capital contribution £	Retained earnings £	Total equity £
Balance at 1 July 2013	100	-	6,746,878	6,746,978
Profit for the period	-		710,216	710,216
Arising on waiver of loan	-	1,277,000	-	1,277,000
Dividend paid	-	-	(7,482,094)	(7,482,094)
Balance at 27 May 2014	100	1,277,000	(25,000)	1,252,100

	Issued capital £	Issued capital £	Retained earnings £	Total equity £
Balance at 1 July 2012	100	100	6,398,736	6,398,836
Profit for the year	-	-	348,142	348,142
Balance at 30 June 2013	100	100	6,746,878	6,746,978

The accompanying notes form an integral part of the accounts.

AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED) - 02564315

STATEMENT OF FINANCIAL POSITION

AS AT 27 MAY 2014

	Notes	At 27 May 2014	At 30 June 2013
		£	£
ASSETS			
NON CURRENT ASSETS			
Trade and other receivables	9&10	49,926,720	53,628,183
CURRENT ASSETS			
Trade and other receivables	9&10	3,308,962	8,480,607
TOTAL ASSETS		53,235,682	62,108,790
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	(41,316,934)	(41,527,382)
NON CURRENT LIABILITIES			
Deferred tax liabilities	14	(10,666,648)	(13,834,430)
TOTAL LIABLITIES		(51,983,582)	(55,361,812)
TOTAL NET ASSETS		1,252,100	6,746,978
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	16	100	100
Capital contribution reserve		1,277,000	-
Retained profit		(25,000)	6,746,878
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AW ASSET FINANCE LIMITED		1,252,100	6,746,978

The accompanying notes form an integral part of the accounts.

These accounts have been prepared in accordance with the special provisions relating to the small companies regime and the directors make this statement in accordance with section 414(3) of the Companies Act 2006.

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2015. They were signed on its behalf by:

Director

STEPHEN ULLMAN.

AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED) - 02564315

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 27 MAY 2014

	Notes	2014 £	2013 £
Total profit for the period/ year		710,216	348,142
NON-CASH ADJUSTMENTS			
Decrease in trade and other receivables		8,873,108	3,657,871
(Decrease)/ increase in trade and other payables		(235,448)	567,122
Increase / (decrease) in accruals		25,000	(286,561)
Decrease in deferred tax liabilities		(3,167,782)	(1,179,167)
		5,494,878	2,759,265
CASH FLOWS FROM OPERATING ACTIVITIES		6,205,094	3,107,407
Interest paid to parent undertakings		(230,738)	(344,455)
Management charges paid to parent undertakings		(50,972)	(50,213)
		(281,710)	(394,668)
NET CASH FLOWS FROM OPERATING ACTIVITIES		5,923,384	2,712,739
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		(7,482,094)	-
Payment of cash advances from/(to) parent undertakings		1,558,710	(2,712,739)
		(5,923,384)	(2,712,739)
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
Cash and cash equivalents as at start of period/ year		-	-
CASH AND CASH EQUIVALENTS AS AT 27 MAY 2014	15	-	-

The accompanying notes form an integral part of the accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union that are effective or available for early adoption at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost basis, except for the revaluation of financial instruments and on the going concern basis as disclosed in the Director's statement of going concern set out in the Report of the Directors.

The functional and presentation currency of the Company is Sterling.

Recent accounting developments

In 2013, the Company adopted the following amendments to standards which became effective for financial years beginning on 1 January 2013.

a) IAS 1 'Presentation of Financial Statements' – In June 2011, the IASB issued amendments to IAS 1 that retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2013.

The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b) IAS 19 'Employee Benefits' – In June 2011, the IASB issued amendments to IAS 19 that change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

These amendments to IAS 19 had no significant impact on the Company's profit or loss or financial position.

c) IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' - In December 2011, the IASB issued amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' which requires the disclosures about the effect or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013.

The Company has no financial assets and financial liabilities for which offsetting applies and therefore there is no impact from the adoption of the IFRS 7 amendments.

1. ACCOUNTING POLICIES (continued)

Recent accounting developments (continued)

d) IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' – In May 2011, the package of five standards on consolidation, joint arrangements, associates and disclosures was issued. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards. The standards have been applied prospectively from 1 January 2013.

> Under IFRS 10, control is the single basis for consolidation, irrespective of the nature of the investee; this standard therefore eliminates the risks-and-rewards approach. IFRS 10 identifies the three elements of control as power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of the investor's returns. An investor must possess all three elements to conclude that it controls an investee. The assessment of control is based on all facts and circumstances, and the conclusion is reassessed if there are changes to at least one of the three elements. Retrospective application is required subject to certain transitional provisions.

> IFRS 11 applies to all entities that are parties to a joint arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. IFRS 11 establishes two types of joint arrangements, joint operations and joint ventures, which are distinguished by the rights and obligations of the parties to the arrangement. In a joint operation, the parties to the joint arrangement (referred to as 'joint operators') have rights to the assets and obligations for the liabilities of the arrangement. By contrast, in a joint venture, the parties to the arrangement (referred to as 'joint venturers') have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognise its share of the assets, liabilities, revenues and expenses in accordance with applicable IFRSs; however, a joint venturer would account for its interest by using the equity method of accounting under IAS 28 (2011). The amendments to IAS 28 did not affect the Company.
>
> The Company has no joint arrangements and so there is no impact from the IFRS 11 requirements.

> IFRS 12 integrates the disclosure requirements on interests in other entities, currently included in several standards to make it easier to understand and apply the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard also contains additional requirements on a number of topics. Under IFRS 12, an entity should disclose information about significant judgements and assumptions (and any changes to those assumptions) made in determining whether it has control, joint control, or significant influence over another entity and the type of joint arrangement. IFRS 12 also requires additional disclosures to provide information to enable users to assess the nature of, and risks associated with the Company's interests in other entities and the effect of those interests on the Company's financial position, performance and cash flow. Disclosures shall be aggregated or disaggregated so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have different characteristics.

e) IFRS 13 'Fair Value Measurement' - In May 2011, the IASB issued IFRS 13, which establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. IFRS 13 applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Company has not made any new disclosures required by IFRS 13 for the 2012 comparative period. The application of IFRS 13 had no impact on the measurements of the Company's assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Recent accounting developments (continued)

f) There are a number of other changes to IFRS that were effective from 1 January 2013. Those changes did not have a significant impact on the Company's financial statements.

Future accounting developments

The Company has not yet adopted the following significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective for the Company:

a) IFRS 9 'Financial Instruments' – In November 2009, the IASB issued IFRS 9 'Financial Instruments ('IFRS 9') which introduced new requirements for the classification and measurement of financial assets. In October 2010, the IASB issued an amendment to IFRS 9 incorporating requirements for financial liabilities. Together, these changes represent the first phase in the IASB's planned replacement of IAS 39 'Financial Instruments: Recognition and Measurement' ('IAS 39') with a less complex and improved standard for financial instruments.
The second and third phases in the IASB's project to replace IAS 39 will address impairment of financial assets measured at amortised cost and hedge accounting.
The IASB re-opened the requirements for classification and measurement in IFRS 9 in 2012 to address practice and other issues, with an exposure draft of revised proposals issued in November 2012. The proposals have yet to be finalised and it is therefore not yet possible to estimate the financial effects. IFRS 9 is now effective for annual periods beginning on or after 1 January 2018.

b) In December 2011, the IASB issued amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' which clarified the requirements for offsetting financial instruments and addressed inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments: Presentation'. The amendments are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted and are required to be applied retrospectively.
The Company is currently assessing the impact of these clarifications but it is not practicable to quantify the effect as at the date of the publication of these financial statements.

c) There are a number of other standards which have been issued or amended that are expected to be effective in future periods. However, it is not practicable to provide a reasonable estimate of their effects on the Company's financial statements until a detailed review has been completed.

1. ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Finance income and finance costs

Income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value though profit and loss are determined using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The calculation includes all amounts paid or received by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of the financial instrument and all other premiums or discounts. Interest income on assets classified as loans and receivables, interest expense on liabilities classified at amortised cost and interest income and expense on hedging derivatives are recognised in the income statement.

Leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases and hire purchase contracts.

If the lease agreement transfers the risks and rewards of the asset, the lease is recorded as a finance lease and the related asset is capitalised. At inception, the asset is recorded at the lower of the present value of the minimum lease payments or fair value and depreciated over the lower of the estimated useful life and the life of the lease. The corresponding rental obligations are recorded as borrowings. The aggregate benefit of incentives, if any, is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income taxes including deferred taxes

The tax expense represents the sum of the income tax currently payable and deferred income tax.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. Taxable profit differs from 'Profit before tax' as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1. ACCOUNTING POLICIES (continued)

Income taxes including deferred taxes (continued)

Deferred income tax is the tax expected to be payable or recoverable on income tax losses available to carry forward and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the assets may be utilised as they reverse. Such deferred tax liabilities are not recognised if the temporary difference arises from goodwill. Deferred tax assets and liabilities are not recognised from the initial recognition of other assets (other than in a business combination) and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on rates enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

The Company does not hold cash or cash equivalents.

Financial instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company classifies all its financial assets, as determined at initial recognition, as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

'Loans and advances to customers' are classed as Loans and Receivables. 'Net investment in finance leases' are treated in accordance with the Company's policy on finance lease agreements.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest rate method, less any impairment. Interest calculated using the effective interest rate method is recognised in the income statement. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all of the risks and rewards of ownership.

Financial liabilities

Financial liabilities are initially recognised when the Company becomes contractually bound to the transfer of economic benefits in the future. Financial liabilities are derecognised when extinguished.

Non-trading financial liabilities are initially recognised at fair value net of transaction costs incurred. They are subsequently stated at amortised cost and the redemption value recognised in the income statement over the period of the liability using the effective interest rate method.

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

Effective interest method

Interest expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the expected life of the lease agreements. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount on initial recognition.

1. ACCOUNTING POLICIES (continued)

Impairment of financial assets

At each balance sheet date the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted, are experiencing significant financial difficulty, or the debt has been restructured to reduce the burden to the borrower. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
    i) adverse changes in the payment status of borrowers in the group; or
    ii) national or local economic conditions that correlate with defaults on the assets in the group.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence of impairment for an individually assessed financial asset it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Commercial lending is reviewed for impairment on a case by case basis for individually significant loans. Loans that are not individually significant are assessed for impairment on a portfolio basis.

Impairment is calculated based on the probability of default, exposure at default and the loss given default, using recent data. An adjustment is made for the effect of discounting cash flows.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate.

Financial assets are written off when it is reasonably certain that receivables are irrecoverable.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT

Some asset and liability amounts reported in the accounts are based on management judgement estimates and assumptions. There is a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year.

Residual values

Residual values are estimated at the inception of lease agreements and are subsequently reviewed for impairment during the life of the lease agreements. Appropriate impairment losses are recognised in the income statement.

Impairment loss allowances

Individual impairment loss allowances are made in respect of finance and rental agreements where recovery is considered doubtful; a collective impairment loss allowance is made for losses which, although not individually identified, are known to be inherent in any portfolio of lending. The impairment loss allowances are deducted from the net investment in finance agreements. The charge in the income statement comprises write offs, recoveries and the net movement in impairment loss allowances in the year.

3. FINANCIAL RISK MANAGEMENT

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are operational risk, credit risk, market risk, interest rate risk and liquidity risk. Until 27 May 2014 the Company managed its risk in line with the central risk management function of the Santander UK Group. Santander UK Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, depositors, employees and the Santander UK Group's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Santander UK Group's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Santander UK Group's strategic objectives.

Authority flowed from the Santander UK plc Board to the Chief Executive Officer and from her to her specific individuals. Formal standing committees are maintained for effective management and oversight. Their authority is derived from the person they are intended to assist. Further information can be found in the Santander UK plc Annual Report which does not form part of this Report.

4. RISK MANAGEMENT DISCLOSURES

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes regulatory, legal and compliance risk. Until 27 May 2014 Operational risk was monitored and managed within the Company. An independent central operational risk function (Enterprise and Operational Risk) has responsibility for establishing the framework within which these risks are managed and is aligned to operational risk professionals within business areas (co-ordinated by IT and Operational Risk) to ensure consistent approaches are applied across the Company. The primary purpose of the framework is to define and articulate the Company-wide policy, processes, roles and responsibilities. The framework incorporates industry practice and regulatory requirements. The day-to-day management of operational risk is the responsibility of business managers who identify, assess and monitor the risks, in line with the processes described in the framework. The operational risk function ensures that all key risks are regularly reported to the Company's risk committee and board of directors.

Credit risk

Credit risk is the risk of financial loss arising from the default of a customer or counterparty to which the Company has directly provided credit, or for which the Company has assumed a financial obligation, after realising collateral held. The credit quality of customer assets is mitigated by the credit approval process in place. Credit risk is mitigated by security taken over the borrower's assets. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or group of borrowers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

Lending decisions are based on independent credit risk analysis supplemented by the use of internal ratings tools which assess the obligor's likelihood of default. The output of the ratings tools is a borrower grade which maps to a long-run average one year probability of default. Borrower grades are reviewed at least annually, allowing identification of adverse individual and sector trends. The grade is integrated into an overall Credit & Risk evaluation, including wider factors such as transaction and borrower structure (ranking and structural subordination), debt serviceability and security (initial and residual value considerations). Consideration is also given to risk mitigation measures to protect the Company, such as third-party guarantees, supporting collateral and security, robust legal documentation, financial covenants and hedging. Transactions are further assessed using an internal pricing model which measures both the return on equity and the risk adjusted return on capital against a series of benchmarks to ensure risks are appropriately priced.

Portfolio asset quality monitoring is based on a number of measures, including expected loss, financial covenant monitoring, security revaluations, pricing movements and external input from rating agencies and other organisations. Should particular exposures begin to show adverse features such as payment arrears, covenant breaches or business trading performance that is materially worse than expected at the point of lending, a full risk reappraisal is undertaken

Where appropriate, case management is transferred to a specialist recovery team that works with the customer in an attempt to resolve the situation. If this does not prove possible, cases are classified as being unsatisfactory and are subject to intensive monitoring and management procedures designed to maximise debt recovery.

NOTES TO THE FINANCIAL STATEMENTS

4. RISK MANAGEMENT DISCLOSURES (continued)

Credit risk (continued)

The class of financial instrument that is most exposed to credit risk in the Company is net investment in finance leases (note 10).

	At 27 May 2014	At 30 June 2013
	£	£
Net investment in finance leases agreements	53,235,682	62,097,835

All Company exposures are to a corporate customer in the utilities and transport industries.
For the Company 100% (2013: 100%) of the balances are secured. The main types of security are charges over assets being financed. In addition £Nil (2013: £Nil) of finance and operating leases are secured by bank guarantees.

Market risk

Market risk is the risk of reduction in economic value or reported income resulting from a change in the variables of financial instruments including interest rate, equity, credit spread, property and foreign currency risks. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings and the preservation of shareholder value and manages market risk accordingly. Details of the market risk management policy applicable up to 27 May 2014 are disclosed in the Santander UK plc Annual Report – Risk Management which does not form part of this Report.

Interest rate risk

Interest rate risk is the most significant market risk to which the Company is exposed. This risk mainly arises from mismatches between the re-pricing dates of the interest bearing assets and liabilities on the Company's Balance Sheet, and from the investment of the Company's reserves. Interest rate risk primarily arises in the Company's leasing trade. Until 27 May 2014 the exposure in this area was hedged with Santander UK plc Treasury function using fixed rate loans and other appropriate instruments.

Changes in interest rates would result in no impact on either the equity of the Company or on the profit before tax as interest is allocated on a lease agreement by lease agreement basis within the Company and until 27 May 2014 all interest rate risk was borne by the intermediate UK parent company, Santander UK plc.

Liquidity risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can only secure them at excessive cost.

The day to day management of liquidity until 27 May 2014 was the responsibility of the Santander UK plc Treasury function, which provides funding to and takes surplus funds from the Company as required.

5. REVENUE

Revenue for the current period is stated after interest arising on early termination of finance leases.

For the current period, the revenue refunded exceeds revenue earned and a charge is therefore disclosed in these financial statements. During the period, adjustments to revenue of £1,089,855 (2013: £808,585) were incurred as a result of changes to corporation tax rates.

6. PROFIT FROM OPERATIONS

Directors' emoluments

No directors were remunerated for their services to the Company. Up to 27 May 2014 Directors' emoluments were borne by Santander UK plc. No emoluments were paid by the Company to the directors during the period (2013: £Nil).

Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the period or the preceding year. The Company had no employees in either the current period or the preceding year.

Auditor's remuneration

For the current period, auditor's remuneration of £25,000 was borne by the Company. In the preceding year, auditors' remuneration of £5,100 was borne by the intermediate UK parent company at that time, Santander UK plc.

No non-audit fees were borne on the Company's behalf in either the current period or preceding year.

7. FINANCE COSTS

	11 months to 27 May 2014	Year to 30 June 2013
	£	£
Amounts payable to immediate parent undertakings	230,738	344,455

8. TAXATION

	11 months to 27 May 2014	Year to 30 June 2013
	£	£
Current tax		
UK corporation tax on loss of the period/ year	1,232,710	567,344
Adjustments in respect of prior years	-	(222)
Total current tax	1,232,710	567,122
Deferred tax		
Origination and reversal of temporary differences	(1,488,565)	(630,021)
Change in rate of UK corporation tax	(1,608,462)	(608,128)
Adjustments in respect of prior years	-	58,982
Total deferred tax	(3,097,027)	(1,179,167)
Tax credit on loss for the period/ year	(1,864,317)	(612,045)

UK corporation tax is calculated at 22.66% (2013: 23.75%) of the estimated assessable profits for the period/ year. The standard rate of UK corporation tax was reduced from 23% to 21%, with effect from 1 April 2014.

The Finance Act 2013, which provides for reductions in the main rate of UK corporation tax to 21% effective from 1 April 2014, and 20% effective from 1 April 2015, was enacted on 17 July 2013. As the changes in rates were substantively enacted prior to 27 May 2014, they have been reflected in the deferred tax liability at 27 May 2014.

8. TAXATION (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	11 months to 27 May 2014 £	Year to 30 June 2013 £
Loss before tax	(1,154,101)	(263,903)
Tax calculated at a rate of 22.66% (2013:23.75%)	(261,519)	(62,677)
Effect of change in tax rate on deferred tax provision	(1,608,462)	(608,128)
Effect of tax rate differential	5,664	-
Adjustments to prior year provisions	-	58,760
Tax credit for the period/ year	(1,864,317)	(612,045)

9. TRADE AND OTHER RECEIVABLES

	At 27 May 2014 £	At 30 June 2013 £
Non current		
Finance lease receivables	49,926,720	53,628,183
Current		
Finance lease receivables	3,308,962	8,469,651
Other debtors	-	10,956
Total trade and other receivables	53,235,682	62,108,790

10. FINANCE LEASES

The Company enters into finance lease arrangements with customers in the shipping and utilities industries.

	Gross investment in the lease		*Present value of minimum lease payments*	
	At 27 May 2014 £	At 30 June 2013 £	At 27 May 2014 £	At 30 June 2013 £
Less than one year	5,876,202	9,049,989	3,308,962	8,469,651
Later than one year but less than five years	24,178,537	25,268,155	19,805,950	21,663,175
Later than five years	36,770,572	44,458,117	30,120,770	31,965,008
	66,825,311	78,776,261	53,235,682	62,097,834
Less:				
Unearned finance income	(13,589,629)	(16,678,427)		
Net investment in finance leases	53,235,682	62,097,834		
Non-current			49,926,720	53,628,183
Current			3,308,962	8,469,651
			53,235,682	62,097,834

Residual values of assets leased under finance leases at 27 May 2014 are £Nil (2013: £Nil). The directors consider that the net investment in finance leases is approximately equal to their fair value.

NOTES TO THE FINANCIAL STATEMENTS

11. CAPITAL

Until 27 May 2014 the Company's intermediate UK parent company Santander UK plc adopted a centralised capital management approach based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK Group. Disclosures relating to the Company's capital management for the period can be found in the Santander UK plc Annual Report which does not form part of this Report.

12. RELATED PARTY TRANSACTIONS

Trading activities

Payable to/ (due from) related parties

	At 27 May 2014	At 30 June 2013
	£	£
Abbey National Treasury Services plc - group relief	-	302,877
Parent undertaking – group relief	-	473,818
Amounts owed to parent undertakings	41,291,934	40,750,687
	41,291,934	41,527,382

The Company entered into transactions with other related parties as shown in the table below.

	2014	2013
	£	£
Amount owed to related parties		
As at start of period/ year	41,527,382	44,067,667
Net movements	(235,448)	(2,540,285)
As at 27 May 2014 & 30 June 2013 (note 13)	41,291,934	41,527,382
Interest paid to parent undertakings	230,738	344,455

Key management compensation

As detailed in note 6 the Company had no employees in either the current period or preceding year and until 27 May 2014 the directors were remunerated through Santander UK plc, therefore no key management compensation was paid by this Company in either the current period or prior year.

Administration expenses

During the current period the Company paid administrative cost recharges to parent undertakings of £50,972 (2013: £50,213).

13. TRADE AND OTHER PAYABLES

	At 27 May 2014	At 30 June 2013
	£	£
Payable to related parties (note 12)	41,291,934	41,527,382
Accruals and deferred income	25,000	-
	41,316,934	41,527,382

The directors consider that the carrying amount of the trade and other payables approximates to their fair value.

AW ASSET FINANCE LIMITED (FORMERLY A & L CF JUNE (1) LIMITED) - 02564315

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES

Deferred taxes are calculated on temporary differences under the liability method using the tax rates expected to apply when the liability is settled or the asset is realised. The movement in the deferred tax account is as follows:

	2014	2013
	£	£
At 1 July	(13,834,430)	(15,013,597)
Income Statement credit (note 8)	3,097,027	1,179,167
Transfer to group undertaking	70,755	-
At 27 May 2014 & 30 June 2013	(10,666,648)	(13,834,430)

Deferred tax assets and liabilities are attributable to the following items:

	Balance Sheet		Income Statement	
	At 27 May 2014	At 30 June 2013	11 months to 27 May 2014	Year tc 30 June 201:
	£	£	£	£
Deferred tax liabilities				
Accelerated tax depreciation	(10,666,648)	(13,834,430)	3,097,027	1,179,167
	(10,666,648)	(13,834,430)	3,097,027	1,179,167

15. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	At 27 May 2014	At 30 June 2013
	£	£
Cash at bank	-	-

16. ISSUED SHARE CAPITAL

	At 27 May 2014	At 27 May 2014	At 30 June 2013	At 30 June 2013
	No	£	No	£
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

All issued share capital is classified as equity.

17. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent company at the balance sheet date was Santander Asset Finance plc, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party at the balance sheet date was Banco Santander S.A., a company registered in Spain. Banco Santander S.A. was the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company was a member. Santander UK plc was the parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company was a member.

Copies of all sets of group accounts, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.

The Company's current immediate parent company is Arulux First Sarl, a company established under the laws of Luxembourg.

The Company's current ultimate parent undertaking and controlling party is Arunvill Holdings (Gibraltar) Limited, a company established under the laws of Gibraltar.

18. POST BALANCE SHEET EVENTS

On 28 May 2014, the share capital held by Santander Asset Finance plc was sold to Arulux First S.À R.L.. The Company is now wholly owned by Arulux First S.À R.L.. On 5 June 2014, the Company changed its name from A & L CF June (1) Limited to AW Asset Finance Limited.

The Company also received a termination notice from Dwr Cymru Cyfengedig ("Welsh Water") on 4 June 2014 whereby Welsh Water requested the termination of the hiring of all of the equipment under a lease originally between Welsh Water and the Company dated 21st November 2002 relating to certain plant and machinery. The termination date of the hiring of the equipment under the above lease was 9 June 2014 for an amount of £34,507,380.

The Company also received an acceleration notice for all the lease rentals from Dwr Cymru Cyfengedig ("Welsh Water") on 4 June 2014 whereby Welsh Water requested the termination of the hiring of all of the equipment under a lease originally between Welsh Water and the Company dated 21 November 2002 relating to certain plant and machinery. The lease rental acceleration date of the equipment under the above lease was 9 June 2014 for an amount of £11,067,552.

On 12 June 2014 the Company issued 15,339 euro denominated non-voting ordinary shares to Arunvill Capital Limited, a Cayman Island incorporated company, for a total issue amount of €15,339,000.

Loans of £41,290,801 owed to Santander Asset Finance plc at the period end were subsequently repaid on 28 May 2014.