

# **A & L CF JUNE (2) LIMITED**

**Registered in England and Wales  
Company Number 2582354**

## **ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED  
30 JUNE 2015**



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COMPANIES HOUSE

## REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30 June 2015.

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

### Principal activity and review of the year

The principal activity of A & L CF June (2) Limited (the "Company") was that of lessors and financiers of assets for the corporate sector.

In 2014 the Company disposed of its operating lease assets and ceased trading.

### Results and dividends

The profit for the year on ordinary activities after taxation amounted to £3,080 (2014: £239,593). The Directors do not recommend the payment of a final dividend (2014: nil).

### Directors

The Directors who served throughout the year and to the date of this report were as follows:

M Evans  
C Morley  
A Mussert

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law 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 and loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the Company's transactions and which 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.

### Statement of going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 2 to the financial statements includes the Company's objectives, policies and processes for managing its financial risk management objectives and its exposures to credit risk, market risk, liquidity risk and other risks.

During 2014 the Company disposed of its operating lease assets and ceased trading. As required by IAS 1 "Presentation of Financial Statements" the directors have prepared the financial statements on a basis other than that of a going concern. It is the intention to liquidate the company during 2016.

### Qualifying third party indemnities

Enhanced indemnities are provided to the directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities remain in force as at the date of this Report and Accounts. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

## REPORT OF THE DIRECTORS (continued)

### Auditors

Each of the Directors as at the date of approval of this report has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP vacated office as auditor of the Company and PricewaterhouseCoopers LLP was duly appointed auditor for the Company with effect from 31 March 2016.

By Order of the Board,



For and on behalf of  
Santander Secretariat Services Limited, Secretary

30 March 2016

Registered Office Address: 2 Triton Square, Regents Place, London, NW1 3AN

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A & L CF JUNE (2) LIMITED

We have audited the financial statements of A & L CF June (2) Limited, for the year ended 30 June 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 15. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 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.

### 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 30 June 2015 and of its profit for the year 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.

### Emphasis of matter – financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.


### Opinion on other matter prescribed by the Companies Act 2006

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

### 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.



Tom Millar (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

20 March 2016

## FINANCIAL STATEMENTS

For the year ended 30 June 2015

### INCOME STATEMENT

For the year ended 30 June 2015

	Notes	2015 £	2014 £
Revenue		<b>3,887</b>	734,267
Cost of sales		-	(426,355)
<b>GROSS PROFIT</b>		<b>3,887</b>	307,912
Other operating income		-	232,293
Administrative expenses		-	(66,656)
<b>PROFIT FROM OPERATIONS</b>	3	<b>3,887</b>	473,549
Finance costs	4	-	(196,472)
<b>PROFIT BEFORE TAX</b>		<b>3,887</b>	277,077
Tax	5	(807)	(37,484)
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF A &amp; L CF JUNE (2) LIMITED</b>		<b>3,080</b>	239,593

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

The accompanying notes form an integral part of the accounts.

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit (2014: profit) for the current and previous year as set out in the Income Statement.

The accompanying notes form an integral part of the accounts.

## FINANCIAL STATEMENTS

For the year ended 30 June 2015

### STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 July 2014	100	2,178,797	2,178,897
Profit for the year	-	3,080	3,080
Balance at 30 June 2015	<u>100</u>	<u>2,181,877</u>	<u>2,181,977</u>

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 July 2013	100	1,939,204	1,939,304
Profit for the year	-	239,593	239,593
Balance at 30 June 2014	<u>100</u>	<u>2,178,797</u>	<u>2,178,897</u>

The accompanying notes form an integral part of the accounts.

**FINANCIAL STATEMENTS**

For the year ended 30 June 2015

**BALANCE SHEET**

As at 30 June 2015

	Notes	2015 £	2014 £
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Operating lease assets	6	-	-
Trade and other receivables	8	4,684,444	4,680,557
<b>TOTAL ASSETS</b>		<b>4,684,444</b>	<b>4,680,557</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	(2,502,467)	(2,501,660)
Deferred tax liabilities	11	-	-
<b>TOTAL LIABILITIES</b>		<b>(2,502,467)</b>	<b>(2,501,660)</b>
<b>TOTAL NET ASSETS</b>		<b>2,181,977</b>	<b>2,178,897</b>
<b>EQUITY</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
Issued share capital	13	100	100
Retained profit		2,181,877	2,178,797
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF A &amp; L CF JUNE (2) LIMITED</b>		<b>2,181,977</b>	<b>2,178,897</b>

The accompanying notes form an integral part of the accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2016. They were signed on its behalf by:



Director

ADAM MUSSERY

**FINANCIAL STATEMENTS**

For the year ended 30 June 2015

**CASH FLOW STATEMENT**

For the year ended 30 June 2015

	Notes	2015 £	2014 £
<b>Total profit for the year</b>		<b>3,080</b>	239,593
<b>NON-CASH ADJUSTMENTS</b>			
Depreciation		-	426,355
Gain on disposal of operating lease assets		-	(232,293)
Amortisation of capitalised fees		-	10,155
Increase in group relief payable		<b>807</b>	608,923
Decrease in accruals		-	(149,730)
Decrease in deferred taxes		-	(1,143,515)
		<b>807</b>	(480,105)
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>3,887</b>	(240,512)
Interest paid to parent undertakings		-	(196,472)
Management charges paid to parent undertakings		-	(66,656)
		-	(263,128)
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>3,887</b>	(503,640)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from sale of operating lease assets		-	4,777,748
		-	4,777,748
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of cash advances to parent undertakings		<b>(3,887)</b>	(4,274,108)
		<b>(3,887)</b>	(4,274,108)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		-	-
Cash and cash equivalents at start of year		-	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	12	-	-

Where tax assets/liabilities have been group relieved, they are accounted for as operating receivables/payables.

The accompanying notes form an integral part of the accounts.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. ACCOUNTING POLICIES

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

#### 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.

The functional and presentation currency of the Company is Sterling.

#### Going concern

IAS 1 requires that financial statements for any Company that has ceased to trade, or where there is an intention for the Company to cease to trade in the next twelve months, are prepared on an "other than going concern" basis. Accordingly the financial statements have been prepared on an "other than going concern" basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors on page 2.

#### 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' (IFRS 9) – In July 2014, the IASB issued the final version of IFRS 9 which includes the completion of all phases of the project to replace IAS 39 'Financial Instruments: Recognition and Measurement' as discussed below.  
Phase 1: Classification and measurement of financial assets and financial liabilities. Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. The standard also introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. The requirements for the classification and measurement of financial liabilities were carried forward unchanged from IAS 39, however, the requirements relating to the fair value option for financial liabilities were changed to address own credit risk and, in particular, the presentation of gains and losses within other comprehensive income.  
Phase 2: Impairment methodology. IFRS 9 fundamentally changes the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.  
Phase 3: Hedge accounting. These requirements align hedge accounting more closely with risk management and establish a more principle-based approach to hedge accounting. Dynamic hedging of open portfolios is being dealt with as a separate project and until such time as that project is complete, entities can choose between applying the hedge accounting requirements of IFRS 9 or to continue to apply the existing hedge accounting requirements in IAS 39. The revised hedge accounting requirements in IFRS 9 are applied prospectively.  
The effective date of IFRS 9 is 1 January 2018. For annual periods beginning before 1 January 2018, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss. At the date of publication of these Financial Statements the standard is awaiting EU endorsement and the impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 9 on these Financial Statements.
- b) IFRS 15 'Revenue from Contracts with Customers' (IFRS 15) – In May 2014, the IASB issued IFRS 15. The effective date of IFRS 15 is 1 January 2018. The standard establishes the principles that shall be applied in connection with revenue from contracts with customers including the core principle that the recognition of revenue must depict the transfer of promised goods or services to customers in an amount that reflects the entitlement to consideration in exchange for those goods and services. IFRS 15 applies to all contracts with customers but does not apply to lease contracts, insurance contracts, financial instruments and certain non-monetary exchanges. At the date of publication of these Financial Statements the standard is awaiting EU endorsement. Whilst it is expected that a significant proportion of the Company's revenue will be outside the scope of IFRS 15, the impact of the standard is currently being assessed. [It is not yet practicable to quantify the effect of IFRS 15 on these Financial Statements.
- c) IFRS 16 'Leases' (IFRS 16) – In January 2016, the IASB issued IFRS 16. The standard is effective for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure for both lessees and lessors.  
For lessee accounting, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value.  
For lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements from the existing leasing standard (IAS 17) and a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.  
At the date of publication of these Financial Statements the standard is awaiting EU endorsement. The impact of the standard is currently being assessed, however, it is not yet practicable to quantify the effect of IFRS 16 on these Financial Statements.
- d) 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

### 1. ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

Revenue is measured at the fair value of the 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.

#### 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 net profit 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.

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 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 held at amortised cost. Finance costs are charged to the Income Statement 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 contractual life of the lease agreements. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the contractual life of the financial instrument to the net carrying amount on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

### 2. 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 and liquidity risk. The Company manages 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 flows from the Santander UK plc Board to the Chief Executive Officer and from him to his specific individuals. Formal standing committees are maintained for effective management of 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.

#### 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. Operational risk is monitored and managed within the Group. 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 Group. The primary purpose of the framework is to define and articulate the Group-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 Group's risk fora, risk committee and board of directors.

#### Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets held by the Company.

Maximum exposure to credit risk without taking into account collateral or credit enhancements can be found in note 8 to the accounts.

#### Market risk

Market risk is the risk of a 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 are disclosed in the Santander UK plc Annual Report – Risk Management which does not form part of this Report.

#### 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 is the responsibility of Asset and Liability Management ("ALM") within Santander UK plc's Group infrastructure, which provides funding to and takes surplus funds from the Company as required.

### 3. PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

	2015	2014
	£	£
Depreciation of operating lease assets	-	426,355

Other operating income includes gain on disposal of operating lease assets of £Nil (2014: £232,293).

#### Directors' emoluments

No directors were remunerated for their services to the Company. Directors' emoluments are borne by the intermediate UK parent company Santander UK plc. No emoluments were paid by the Company to the directors during the year (2014: £Nil).

#### Auditor's remuneration

Auditor's remuneration of £5,227 (2014: £5,079) was borne by the intermediate UK parent company Santander UK plc in the current and preceding year.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

### 4. FINANCE COSTS

	2015 £	2014 £
Amounts payable to immediate parent undertakings	-	196,472
	-	196,472

### 5. TAX

	2015 £	2014 £
<b>Current tax</b>		
UK corporation tax on profit for the year	807	1,180,999
Total current tax	807	1,180,999
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	(1,118,657)
Change in rate of UK corporation tax	-	(24,858)
Total deferred tax	-	(1,143,515)
Tax charge on profit for the year	807	37,484

UK corporation tax is calculated at 20.75% (2014: 22.5%) of the estimated assessable profits for the year. The standard rate of UK corporation tax was reduced from 21% to 20%, with effect from 1 April 2015.

The Finance Act 2013, which provides for reductions in the main rate of UK corporation tax to 20% effective from 1 April 2015, was enacted on 17 July 2013.

The Finance (No. 2) Act 2015 provides for reductions in the main rate of UK corporation tax to 19% effective from 1 April 2017 and to 18% from 1 April 2020. Such changes were enacted on 18 November 2015. The UK government has announced it will enact a further reduction in the main rate of tax of 1%, down to 17% at 1 April 2020 in the Finance Bill 2016 which is expected to be enacted in July 2016.

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:

	2015 £	2014 £
Profit before tax	3,887	277,077
Tax calculated at a rate of 20.75% (2014: 22.5%)	807	62,342
Effect of change in tax rate on deferred tax provision	-	(24,858)
Tax charge for the year	807	37,484

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

### 6. OPERATING LEASE ASSETS

The Company entered into operating lease arrangements with a customer in the corporate sector.

	2015 £	2014 £
<b>Cost</b>		
At start of year	-	10,086,551
Disposals	-	(10,086,551)
At end of year	-	-
<b>Depreciation</b>		
At start of year	-	5,104,586
Charge for the year	-	426,355
Amortisation of legal fees	-	10,155
Disposals	-	(5,541,096)
At end of year	-	-
<b>Net book value</b>		
At start of year	-	4,981,965
At end of year	-	-

### 7. CAPITAL

The Company's intermediate UK parent company Santander UK plc adopts 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 can be found in the Santander UK plc Annual Report which does not form part of this Report.

### 8. TRADE AND OTHER RECEIVABLES

	2015 £	2014 £
Receivable from related parties (note 9)	4,684,444	4,680,557
	<u>4,684,444</u>	<u>4,680,557</u>

### 9. RELATED PARTY TRANSACTIONS

#### Receivable from/ (payable to) related parties

	2015 £	2014 £
Abbey National Treasury Services plc - Current tax Group relief	(2,502,467)	(2,501,660)
Santander Asset Finance plc	4,684,444	4,680,557
	<u>2,181,977</u>	<u>2,178,897</u>

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

	2015 £	2014 £
<b>Amount owed by/ (to) related parties</b>		
As at 1 July	2,178,897	(1,749,416)
Net movements	3,080	3,928,313
As at 30 June (notes 8 & 10)	<u>2,181,977</u>	<u>2,178,897</u>
<b>Interest paid to Santander Asset Finance plc</b>	-	196,472

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

### 9. RELATED PARTY TRANSACTIONS *(continued)*

#### Key management compensation

The Company had no employees in either the current or preceding year and as detailed in note 3 the directors are remunerated through Santander UK plc therefore no key management compensation was paid by this Company.

#### Administration expenses

During the current year the Company paid administrative cost recharges to parent undertakings of £Nil (2014: £66,656).

### 10. TRADE AND OTHER PAYABLES

	2015 £	2014 £
Payable to related parties (note 9)	2,502,467	2,501,660
	<u>2,502,467</u>	<u>2,501,660</u>

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

### 11. 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:

	2015 £	2014 £
At start of year	-	(1,143,515)
Income Statement credit (note 5)	-	1,143,515
At end of year	<u>-</u>	<u>-</u>

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

	Balance Sheet		Income Statement	
	2015 £	2014 £	2015 £	2014 £
<b>Deferred tax liabilities</b>				
Accelerated tax depreciation	-	-	-	1,143,515
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,143,515</u>

### 12. CASH AND CASH EQUIVALENTS

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

	2015 £	2014 £
Cash at bank	<u>-</u>	<u>-</u>

### 13. ISSUED SHARE CAPITAL

	2015 No	2015 £	2014 No	2014 £
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

All issued share capital is classified as equity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

### 14. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	2015 £	2014 £
<b>Financial assets</b>		
Loans due from group companies	<u>4,684,444</u>	<u>4,680,557</u>
<b>Financial liabilities</b>		
Loans due to group companies	<u>2,502,467</u>	<u>2,501,660</u>

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value.

At the reporting date there are no loans and receivables designated at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such loans and receivables

The Company is dependent on loans from its immediate parent company Santander Asset Finance plc. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates to their fair values.

All financial liabilities are repayable on demand and the Board of Santander UK plc has confirmed that it will ensure funding is provided to the Company for the foreseeable future.

### 15. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent company is Santander Asset Finance plc, a company registered in England and Wales.

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