

ABN AMRO COMMERCIAL FINANCE (CITY) LTD

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2013

Registered in England No 3574515

FRIDAY



A06 *A343SUUQ* #223
21/03/2014
COMPANIES HOUSE

ABN AMRO COMMERCIAL FINANCE (CITY) LTD

GENERAL INFORMATION

Directors

P D A Ewen (Chairman)
A J. Small (Managing Director)
S.J Websdale
S S. Nighoskar

Secretary

S S. Nighoskar

Auditors

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Registered Office

Sheencroft House
10 – 12 Church Road
Haywards Heath
West Sussex
RH16 3SN

ABN AMRO COMMERCIAL FINANCE (CITY) LTD

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Results and Dividends

ABN AMRO Commercial Finance (City) Ltd (the "Company") made a profit before taxation for the year of £441,940 (2012 £330,685).

The Directors do not propose the payment of a dividend (2012 - £ nil)

Principal Activities and Business Review

The Company is a wholly owned subsidiary of ABN AMRO Commercial Finance PLC. The Company's principal activity during the year continued to be the provision of receivables finance and asset based advances.

Employees

The Company does not have any direct employees.

Directors' Statement as to Disclosure of Information to Auditor

The Directors who were members of the board at the time of approving the Directors' report are listed on page 2. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of the information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution to re-appoint KPMG LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'P D A. Ewen', with a long horizontal flourish extending to the right.

P D A. Ewen
Director

31 January 2014

ABN AMRO Commercial Finance (City) Ltd
Sheencroft House
10 – 12 Church Road
Haywards Heath
West Sussex
RH16 3SN

STRATEGIC REPORT

Business Review

Since 2008 all new business has been transacted through the parent company ABN AMRO Commercial Finance PLC. Following the transfer of the Company's employees to the parent company at the end of 2008, ABN AMRO Commercial Finance PLC has continued to provide the Company with access to its systems, products and staff

As shown in the Company's Profit and Loss Account on page 10, the Company's results after tax show a profit of £338,474 (2012:£249,307). Turnover has reduced due to the decrease in the client portfolio however profit before taxation increased due to the continuing close control of overheads. The business has also consciously maintained its focus on risk management which is reflected in low provisions against bad and doubtful debts. The Directors consider the results satisfactory

Key Performance Indicators

	2013	2012
Turnover growth	(2.36%)	(18.60%)
Cost Income Ratio	61.83%	72.09%

Principal Risks and Uncertainties

The Company is exposed to a wide range of risks which can be classed as reputational, financial, operational, credit (in relation to both debtors and clients), and compliance

In our industry sector, reputational risk may arise from many diverse factors or failures. This risk is being mitigated via raising the awareness of the potential for reputational damage across the business as a whole, and by building on a culture of personal integrity upon which our other corporate values are based.

Financial risk is mitigated by operating within a well established and documented process, controls, deadlines and reporting structure. Liquidity risk is eliminated by ensuring sufficient capital, reserves and committed facilities from our parent bank

Operational and credit risk are managed through organisational structure with credit committee approval and review process being followed in accordance with Company guidelines. Risks are further mitigated by Internal Risk Management which reports directly to the Managing Director. Periodically they review specific areas within their scheduled programme of work to ensure guidelines, internal controls and procedures are being adhered to. ABN AMRO Internal Audit also undertake periodic reviews

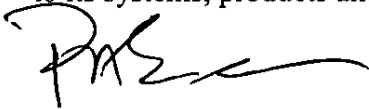
Debtor risk is mitigated by the existence of a Debtor Credit Department reporting to the Director of Risk who set and monitor credit limits in respect of debtors. Limits set are supported by an external credit insurance policy.

Compliance risk, which includes anti-money laundering, data protection and other applicable laws, is mitigated by a full-time Compliance Officer reporting to the Managing Director

In relation to uncertainties that the business faces, the largest uncertainties arise from the continued difficult economic environment in the UK, which adversely affects many businesses and can give rise to bad and doubtful debts. The Directors are managing these uncertainties by continuing to apply robust processes, procedures and controls

Future Developments

The Directors will continue to implement changes in strategies, and policies consistent with the economic conditions prevailing during the forthcoming year. The parent company, ABN AMRO Commercial Finance PLC, will continue to support the Company by providing access to its systems, products and staff.



P D A Ewen
Director

31 January 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Profit or Loss of the Company for that period. In preparing these financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABN AMRO COMMERCIAL FINANCE (CITY) LTD

We have audited the financial statements of ABN AMRO Commercial Finance (City) Ltd for the year ended 31 December 2013 set out on pages 10 to 18

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

1.5. 

Timothy Rush (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate, Brighton Road, Crawley, RH11 9PT

Date 31st January 2014

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	<u>Notes</u>	<u>2013</u> <u>£000's</u>	<u>2012</u> <u>£000's</u>
Turnover	2a)	<u>1,158</u>	<u>1,186</u>
Staff costs	2b)	376	494
Other operating charges		293	348
Provision for Bad and Doubtful Debts		34	4
Interest payable	2c)	<u>14</u>	<u>9</u>
		<u>717</u>	<u>855</u>
Profit on ordinary activities before taxation	2d)	<u>441</u>	<u>331</u>
Taxation	2e)	<u>103</u>	<u>82</u>
Profit on ordinary activities after taxation		<u>338</u>	<u>249</u>
Profit retained for Financial Year		<u>338</u>	<u>249</u>

There are no recognised gains or losses other than the profits attributed to shareholders of the Company of £338,474 in the year ended 31 December 2013 and £249,307 in the year ended 31 December 2012.

All activities from the current and preceding year are derived from continuing operations.

The notes on pages 12 to 18 form part of these financial statements.

Registered Number 3574515

BALANCE SHEET AT 31 DECEMBER 2013

	<u>Notes</u>	<u>2013</u> <u>£000's</u>	<u>2012</u> <u>£000's</u>
Current Assets			
Trade debtors		15,268	17,571
Asset based advances		40	50
Due to parent and group undertaking		1,595	499
Deferred tax	3a)	4	6
Prepayments and accrued income		6	1
Other taxes and social security costs		94	123
Cash at bank and in hand		543	328
Corporation Tax		6	0
Other creditors and accruals		0	17
		<u>17,556</u>	<u>18,595</u>
Creditors falling due within one year			
Due to Clients		8,327	9,789
Other creditors and accruals		70	0
Bank Loans and Overdrafts		55	0
Corporation Tax		0	40
		<u>8,452</u>	<u>9,829</u>
Net Current Assets		<u>9,104</u>	<u>8,766</u>
Total Assets less Current Liabilities		<u>9,104</u>	<u>8,766</u>
Capital and Reserves			
Called up share capital	3b)	2,033	2,033
Share Premium	3c)	695	695
Capital Redemption Reserve	3c)	745	745
Profit and loss account	3c)	5,631	5,293
Total shareholder's funds		<u>9,104</u>	<u>8,766</u>



P D A. Ewen
Director

These financial statements were approved for issue by the board of Directors on 31 January 2014

The notes on pages 12 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of Preparation

The Company's financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

(b) Going Concern

The Company is funded in sterling and obtains its funding facilities from the ultimate parent bank, ABN AMRO Bank N V ABN AMRO is owned by the Dutch Government The directors have received confirmation that as a member of the ABN AMRO Group, the Company will continue to be supported financially for a minimum of 12 months from the date of signing these financial statements. Taking account of this, along with the management forecast for the year ahead, the directors are confident that Company will be able to continue to operate within these facilities.

(c) Revenue Recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its delivery of services Revenue is measured at the fair value of the consideration received, excluding VAT. The following criteria must also be met before revenue is recognised

Fees

Fees are recognised on assignment of the receivable, or the rendering of added services

Arrangement fees are recognised over the initial contract period of the client

Discount / Interest

Discount on the purchase of trade debts and interest accrues daily on the funds in use by Clients and is charged and recognised monthly

(d) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(e) Bad and Doubtful Debts

Trade debtors are stated net of specific provisions for doubtful debts and are regularly reviewed by management. The charge in the Profit and Loss account represents the net increase in provisions less recoveries for the year.

The amount of specific provisions raised is assessed on a case by case basis and represents the Directors' conservative estimate of the amount needed to reduce the carrying value of the asset to its expected ultimate net realisable value.

(f) Trade Debtors and Due to Clients

Trade debtors reflect the outstanding balance of debts that have been purchased from clients. Amounts shown as Due to Clients reflect the purchase price of the debts less any initial payments, reassigned debts and charges. This treatment is applied consistently whether or not there is recourse to the client for any of the outstanding debts.

(g) Operating Leases

Rentals paid under operating leases are charged to Profit and Loss account in the period to which they relate

(h) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Profit and Loss account.

(i) Cash flow Statement

The accounts have been prepared taking an exemption conferred under Financial Reporting Standards ("FRS") 1 (revised), whereby subsidiary companies are not required to publish a cash flow statement when 90% or more of the voting rights are controlled within the group, provided that consolidated accounts which include the subsidiary are publicly available

2. Profit and Loss Account

(a) Turnover

Turnover represents the invoiced value of fees, discount and interest charges during the year, and stated excluding Value Added Tax. Turnover is attributable to our primary activity, the purchase and management of book debt and the provision of prepayments thereon, but also the provision of asset based advances.

All turnover is derived from within the United Kingdom.

(b) Staff Numbers and Costs

There are no staff employed by the Company. Payroll is run through the parent company. Staff costs of £376,000 (2012 - £494,000) were incurred by ABN AMRO Commercial Finance PLC during 2013 and recharged to the Company.

The Directors are not employed directly by the Company. There were no Director's Emoluments in 2013.

(c) Interest Payable

	2013 <u>£000's</u>	2012 <u>£000's</u>
Interest to group companies	4	4
Interest on bank loans/ overdrafts	<u>10</u>	<u>5</u>
	<u>14</u>	<u>9</u>

(d) Profit before Taxation

Profit before taxation is stated after charging the following:

	2013 <u>£000's</u>	2012 <u>£000's</u>
Auditor's remuneration: Audit	19	19

(e) **Taxation**

	2013 <u>£000's</u>	2012 <u>£000's</u>
(i) Corporation tax charge	101	80
Deferred tax movement	<u>2</u>	<u>2</u>
	<u>103</u>	<u>82</u>

(ii) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is at the standard corporation tax rate in the UK of 23% (2013/14 tax year) and 24% (2012/13 tax year) This gives an effective tax rate of 23.25%.

	2013 <u>£000's</u>	2012 <u>£000's</u>
Profit on ordinary activities before tax	<u>442</u>	<u>331</u>
Profit on ordinary activities multiplied by the effective rate of corporation tax of 23.25% (2011 – 24.5%)	102	81
Effects of Depreciation in excess of capital allowances	(1)	(1)
United Kingdom corporation tax charge	<u>101</u>	<u>80</u>

3. Balance Sheet

(a) Deferred Tax Asset

The movement in deferred taxation during current and previous years is as follows

	2013 £000's	2012 £000's
Deferred tax asset at 1st January	6	8
Credit for the year	(2)	(2)
Deferred tax at 31st December	<u>4</u>	<u>6</u>
Accelerated Capital Allowances	4	6
	<u>4</u>	<u>6</u>

(b) Share Capital

	2013 £000's	2012 £000's
Authorised:		
925,641 A Ordinary shares of 10p each	93	93
102,564 B Ordinary shares of 10p each	10	10
4,000,000 Preference shares of £1 each	4,000	4,000
	<u>4,103</u>	<u>4,103</u>
Issued and fully paid:		
233,333 A Ordinary shares of 10p each	23	23
100,000 B Ordinary shares of 10p each	10	10
2,000,000 Preference shares of £1 each	2,000	2,000
	<u>2,033</u>	<u>2,033</u>

All shares are equity shares. The rights to redemption for the preference shares have been waived.

(c) Reconciliation of Shareholders Funds and Movements on Reserves

	Share Capital	Share Premium Account	Capital Redemption Reserve	Profit and Loss Account	Total Shareholder Funds
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
At 1 January 2012	2,033	695	745	5,044	8,517
Retained profit for the year	0	0	0	249	249
At 31 December 2012	<u>2,033</u>	<u>695</u>	<u>745</u>	<u>5,293</u>	<u>8,766</u>
Retained profit for the year	0	0	0	338	338
At 31 December 2013	<u>2,033</u>	<u>695</u>	<u>745</u>	<u>5,631</u>	<u>9,104</u>

4 Related Party Disclosures

The Company has taken advantage of the exemption under FRS 8 of not disclosing transactions with entities that are part of, or investees of, ABN AMRO Group N V

5 Ultimate Parent Undertaking

The ultimate parent undertaking at 31 December 2013 was ABN AMRO Group N.V The smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared is ABN AMRO Group N V Gustav Mahlerlaan 10, 1082PP Amsterdam, The Netherlands, and copies of the accounts of ABN AMRO Group N V may be obtained from such address.