ABN AMRO Project Finance Limited

Directors' report and financial statements
Registered number 03958094
31 December 2014

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Strategic report

Strategic review

The principal activity of ABN AMRO Project Finance Limited ('the Company') is the granting of loans and advances to corporate customers of ABN AMRO. The Company has however not granted any new loans to customers in recent years and has no plans to grant any further loans to clients in the future in accordance with the exit strategy for the portfolio. The year of maturity of the latest maturing loan in the portfolio is 2023.

In approving the financial statements the directors have reviewed the financial position and the current and potential future business activities of the Company. Based on this they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Core markets

The Company provides financing to corporate customers of ABN AMRO Bank N.V.

2014 Business review

The financial statements show results for the year as set out below:

	2014	2013
	£	£
Net interest income, fees and commission and other income	**1,492,667**	(109,680)
Impairment (charge) / reversal	**(8,264,496)**	940,796
General and administrative expenses	**(703,066)**	(1,126,311)
Loss on ordinary activities before taxation	**(7,474,895)**	(295,195)
Tax credit on loss on ordinary activities	**1,605,888**	365,777
(Loss) / profit on ordinary activities after taxation for the financial year transferred to reserves	**(5,869,007)**	70,582

In 2014 the Company made a loss of £5,869,007 (2013: profit £70,582). This represents a decline in the financial result for the Company of £5,939,589, which can be explained as follows:

- In 2014 an impairment expense of £8,264,469 was recognised, while in 2013 the company reversed impairment of £940,796. The majority of the current year charge relates to loans to one client which were sold during the year at a loss;
- Net interest income, fees and commission and other income increased by £1,602,347 in 2014. This was the result of the following:
    - Improved performance of the company's loan book in the period resulting in an increase in interest income received;
    - An increase in fee revenue received from the prior period as clients extended their lending term.
- General and administrative expenses decreased by £423,245 as a result of less costs being incurred by the Company this year in line with the exit strategy for the portfolio;
- The tax credit in 2014 amounting to £1,605,888 has increased by £1,240,111 compared to 2013 in line with the change in the result before tax for the respective years.

Principal risks and uncertainties

The Company's principal risks and uncertainties as well as its financial risk management objectives and policies in relation financial instruments are disclosed in note 15 to the financial statements.

Key Performance Indicators

Given the relatively straightforward nature of the business, the Company's directors do not use KPIs to monitor activities. Given the fact that no new business is being undertaken, analysis using KPIs is not necessary for an understanding of the performance or position of the Company.

Directors' report

The directors present their report and the annual financial statements for ABN AMRO Project Finance Limited for the year ended 31 December 2014.

Dividend proposal

The directors do not recommend the payment of an ordinary dividend in respect of the current financial year (2013: £nil).

Directors

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

P Wells

P Dietze

P Gallagher (appointed 1 July 2014)

J Heath (appointed 15 September 2014)

E Herder (resigned 1 July 2014)

M Moursy (resigned 15 September 2014)

All the directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political and charitable contributions

The Company made no political or charitable contributions during the year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

P Wells
Director

5 Aldermanbury Square
London, EC2V 7HR

30 July 2015

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

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the European Union ("EU") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable and prudent;

• state whether they have been prepared in accordance with IFRSs as adopted by the EU; and

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 PROJECT FINANCE LIMITED

We have audited the financial statements of ABN AMRO Project Finance Limited for the year ended 31 December 2014 set out on pages 5 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Directors' Responsibilities Statement 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, 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 (APB'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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 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.

Nicholas Edmonds (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

Statement of Comprehensive Income
for the year ended 31 December 2014

	Note	**2014**	2013
		£	£
Interest income		**1,356,858**	299,924
Interest expense	*11*	**(289,199)**	(413,728)
Net interest income / (cost)		**1,067,659**	(113,804)
Fees and commission income		**134,545**	4,124
Other Income		**290,463**	-
Impairment (charge) / reversal	*7*	**(8,264,496)**	940,796
General and administrative expenses	*4*	**(703,066)**	(1,126,311)
Loss before tax		**(7,474,895)**	(295,195)
Taxation	*5*	**1,605,888**	365,777
(Loss) / profit for the year		**(5,869,007)**	70,582
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Revaluation gain on available for sale assets		1,400,008	-
Taxation on available for sale assets		(283,502)	-
Other comprehensive income, net of income tax		1,116,506	-
Total comprehensive (loss) / profit		**(4,752,501)**	70,582

The notes on pages 9 to 26 form part of these financial statements

Statement of Financial Position
as at 31 December 2014

	Note	2014 £	2013 £
Non-current assets			
Deferred tax asset	6	**13,646**	28,979
Loans and advances to customers	7	**23,886,250**	25,367,528
Total non-current assets		**23,899,896**	25,396,507
Current assets			
Loans and advances to customers	7	**1,144,286**	17,322,467
Available for Sale Financial Assets		**1,400,010**	-
Trade and other receivables	8	**68,499**	2,081,124
Tax receivable		**1,899,667**	3,410,480
Cash and cash equivalents	9	**12,955,832**	39,479,501
Total current assets		**17,468,294**	62,293,572
Total assets		**41,368,190**	87,690,079
Current liabilities			
Deferred tax liability	6	**283,502**	-
Accruals and other payables	10	**10,120**	74,735
Amount due to a related company	11	**93,861**	98,241
Loans and borrowings from a related company	11	**25,619,014**	67,402,909
Total current liabilities		**26,006,497**	67,575,885
Net assets		**15,361,693**	20,114,194
Shareholder' equity			
Share capital	12	**10,000**	10,000
Share premium		**14,990,000**	14,990,000
Retained earnings / (Accumulated losses)		**(754,813)**	3,246,327
Fair Value Reserve		**1,116,506**	-
Capital contribution		**-**	1,867,867
Total shareholders' equity		**15,361,693**	20,114,194

These financial statements were approved by the board of directors on 30 July 2015 and were signed on its behalf by:-

P Wells
Director
Company registered number: 03958094

The notes on pages 9 to 26 form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2014

	Note	Share capital £	Share premium £	Retained earnings £	Capital contribution £	Fair value reserve £	Total £
Balance at 1 January 2013		10,000	14,990,000	3,175,745	1,867,867	-	20,043,612
Total recognised income and expense for the year		-	-	70,582	-	-	70,582
Balance at 31 December 2013		**10,000**	**14,990,000**	**3,246,327**	**1,867,867**	**-**	**20,114,194**
Balance at 1 January 2014		10,000	14,990,000	3,246,327	1,867,867	-	20,114,194
Total comprehensive income for the year							
Loss for the year		-	-	(5,869,007)	-	-	(5,869,007)
Revaluation gain on available for sale financial assets		-	-	-	-	1,400,008	1,400,008
Taxation on available for sale assets		-	-	-	-	(283,502)	(283,502)
Total comprehensive loss for the year		-	-	(5,869,007)	-	1,116,506	(4,752,501)
Other Changes in Equity							
Transfer of Capital Contribution on repayment of loan	13	-	-	1,867,867	(1,867,867)	-	-
Balance at 31 December 2014		**10,000**	**14,990,000**	**(754,813)**	**-**	**1,116,506**	**15,361,693**

The notes on pages 9 to 26 form part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2014

	Note	**2014**	2013
		£	£
Cash flows from operating activities			
(Loss) / profit for the year		**(5,869,007)**	70,582
Adjustments for:			
Interest income		**(1,356,858)**	(299,924)
Interest expense		**289,199**	413,728
Impairment charge/(reversal)	7	**8,264,496**	940,796
Taxation		**(1,605,888)**	(365,777)
Operating (loss) / gain before changes in working capital		**(278,058)**	759,405
Changes in deferred tax		**15,333**	17,523
Changes in loans and advances to customers		**9,394,961**	14,155,177
Changes in interest bearing deposits		**-**	18,500,000
Changes /(increase) in trade and other receivables		**2,012,625**	(38,692)
Changes in accruals and other payables		**(64,615)**	(180,991)
Changes in amounts due to related parties		**(4,380)**	(64,700)
		11,075,866	33,147,722
Interest received		**1,424,206**	1,018,232
Interest paid		**(291,665)**	(764,061)
Tax received		**3,116,698**	4,539,443
Net cash generated from operating activities		**15,325,105**	37,941,336
Cash flows from financing activities			
Decrease in interest-bearing loans and borrowings		**(41,783,895)**	(25,398,248)
Net cash used in financing activities		**(41,783,895)**	(25,398,248)
Net (decrease) / increase in cash and cash equivalents		**(26,458,790)**	12,543,088
Cash and cash equivalents at 1 January	9	**39,479,501**	26,765,731
Foreign exchange movement on cash balances		**(64,879)**	170,682
Cash and cash equivalents at 31 December	9	**12,955,832**	39,479,501

The notes on pages 9 to 26 form part of these Financial Statements

Notes to the Annual Financial Statements
(Forming part of the Financial Statements)

1. Reporting entity

ABN AMRO Project Finance Limited (the "Company") is a company incorporated and domiciled in the United Kingdom.

The principal activity of the Company is the granting of loans and advances to corporate customers of ABN AMRO Bank N.V. The Company has however not granted any new loans to customers in recent years. It is also not the intention of the Company to grant any further loans to clients in the future.

The address of the Company's registered office is 5 Aldermanbury Square, EC2V 7HR London, United Kingdom.

2. Basis of Preparation

In approving the financial statements the Directors have reviewed the current and potential future business activities and financial position of the Company. Based upon this they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

(a) Statement of compliance

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The financial statements were approved by the board of directors on 30 July 2015.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:

- Loans and advances that are measured at amortised cost using the effective interest method, less any impairment losses.
- Available for sale investments at fair value, less any impairment losses.

(c) Functional and presentation currency

These financial statements are presented in GBP (£), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 16.

Notes to the annual financial statements *(continued)*

3 Significant accounting policies

Foreign currency

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income, except for differences arising on the retranslation of available-for-sale equity instruments.

Net interest income

Interest income
Interest income is recognised in statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset. When calculating the effective interest rate, the company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest expense
Interest expense is recognised in statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability.

Fees and commissions income

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. This is the case for origination fees, received as compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, etc., and also for origination fees received on issuing financial liabilities measured at amortised cost. Both types of fees are deferred and recognised as an adjustment to the effective interest rate. Fees earned are generally recognised as revenue as the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered as a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Fees arising from negotiating, or participating in the negotiation of a transaction for a third party, are recognised upon completion of the underlying transaction.

Commission revenue is recognised when the performance obligation is complete.

Financial assets and financial liabilities

Recognition, initial measurement and derecognition
The Company initially recognises loans and advances and interest bearing loans and borrowing from a related company on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under adopted IFRSs.

Notes to the annual financial statements *(continued)*

3 Significant accounting policies *(continued)*

Financial assets and financial liabilities *(continued)*

Loans and advances
Loans and advances are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and advances are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale investments
Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale and that are not classified as held-to-maturity investments, or at fair value through profit or loss, or loans and advances to customers. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the profit or loss.

Trade and other receivables
Trade and other receivables and amounts due from related companies are stated at nominal value (discounted if material) less impairment losses.

Interest bearing loans and borrowings from a related company
Interest-bearing and non-interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing and non-interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Accruals and other payables and amounts due to related companies are stated at nominal value (discounted if material).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and unrestricted balances held with banks, which are used by the Company in the management of its short-term commitments.

Cash flow statement

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations and financing activities.

Interest received and interest paid is presented as cash flows from operating activities in the statement of cash flow. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or portfolio of financial assets is impaired. A financial asset or a portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or portfolio of financial assets that can be reliably estimated. Objective evidence that a financial asset or portfolio of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or

Notes to the annual financial statements *(continued)*

3 Significant accounting policies *(continued)*

***Impairment of financial assets** (continued)*

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
- adverse changes in the payment status of borrowers in the portfolio; or
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows or, alternatively, the collateral value less costs to sell if the loan is secured.

An "incurred but not identified" (IBNI) impairment on loans is recorded when there is objective evidence that incurred losses are present in components of the loan portfolio, without having specifically identified impaired loans. This impairment is estimated based upon historical patterns of losses in each component, reflecting the current economic climate in which the borrowers operate and taking into account the risk of difficulties in servicing external debt in some foreign countries based on an assessment of the political and economic situation.

Impairments are recorded as a decrease in the carrying value of loans and advances to customers.

When a specific loan is identified as uncollectible and all legal and procedural actions have been exhausted, the loan is written off against the related charge for impairment; subsequent recoveries are credited to change in provisions for impairment in profit or loss.

Impairment of available for sale financial assets

In addition, for an available for sale investment, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In general, the Group considers a decline of 20% to be 'significant' and a period of six months to be 'prolonged'. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

Notes to the annual financial statements *(continued)*

3 Significant accounting policies *(continued)*

Transaction costs

Transaction costs are included in the initial measurement of financial assets and liabilities other than those measured at fair value through profit or loss. Transaction costs refer to incremental costs directly attributable to the acquisition or disposal of a financial asset or liability. They include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Taxation

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, unless the tax balance relates to an amount recognised directly in equity. The future tax benefit of tax losses available for carry forward is recognised as an asset when it is probable that these losses can be utilised against future taxable profits.

Deferred tax is also recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that this asset can be utilised against future taxable profits.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there are both, the legal right and the intention to settle on a net basis or to realise the asset and liability simultaneously.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

IFRS 9: Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The Company is currently assessing the impact of IFRS 9.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15.

Notes to the annual financial statements *(continued)*

4. General and administrative expense

	2014 £	2013 £
Allocation costs from related parties *(note 11)*	**584,025**	1,277,643
Foreign exchange gain / (loss)	**101,945**	(170,682)
Auditors' remuneration	**14,919**	13,343
Professional fees and Other fees	**1,909**	6,007
Other Expenses	**268**	-
	703,066	1,126,311

Staff costs were borne by ABN AMRO, UK Branch and an appropriate recharge was made for the period 1 January 2014 to 31 December 2014. The auditor's remuneration for the audit of these financial statements was £14,919.

5. Taxation

Recognised in the statement of comprehensive income

	2014 £	2013 £
Current tax (expense) / credit UK – current year	**1,621,591**	84,302
Prior year tax adjustment	**(370)**	298,998
Deferred tax charge	**(15,333)**	(17,523)
Total tax in statement of comprehensive income	**1,605,888**	365,777

Reconciliation of effective tax rate

	2014 £	2013 £
Profit / (Loss) before tax	**(7,474,895)**	(295,195)
Tax using the UK corporation tax rate of 21.5% (2013: 23.25%)	**(1,607,102)**	(68,633)
Adjustments recognised in the period for:		
Prior year tax adjustment	**370**	(298,998)
Tax rate difference	**844**	1,854
Total income tax recoverable	**(1,605,888)**	(365,777)

A reduction in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) was enacted on 17 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the future tax rates enacted at the balance sheet date.

Notes to the annual financial statements *(continued)*

6. Deferred tax

Deferred tax asset

	2014	2013
Deferred tax asset is attributable to the following	£	£
IBNI impairments	13,646	28,979

Movement in deferred tax during the year:

	2014 £	2013 £
Deferred tax balance as at 1 January	28,979	46,502
Charge to the statement of comprehensive income	(15,333)	(17,523)
Deferred tax balance as at 31 December	13,646	28,979

Deferred tax liability

	2014	2013
Deferred tax liability is attributable to the following	£	£
Available for sale assets	283,502	-

Movement in deferred tax during the year:

	2014 £	2013 £
Deferred tax balance as at 1 January	-	-
Charge to the statement of comprehensive income	283,502	-
Deferred tax balance as at 31 December	283,502	-

7. Loans and advances to customers

	2014 £	2013 £
Gross loans and advances - third parties	25,221,773	66,281,655
Less: Impairments		
- Specific	-	(23,574,114)
- IBNI	(191,237)	(17,546)
	25,030,536	42,689,995
Net loans and advances		
Under non-current assets	23,886,250	25,367,528
Under current assets	1,144,286	17,322,467
	25,030,536	42,689,995

	Specific impairment £	IBNI impairment £	Total impairments £
Balance as at 1 January 2014	23,574,114	17,546	23,591,660
Impairment charges during the year	8,090,805	173,691	8,264,496
Written off on sale of loan	(31,313,637)	-	(31,313,637)
Exchange and other movements	(351,282)	-	(351,282)
Balance at 31 December 2014	-	191,237	191,237

Notes to the annual financial statements *(continued)*

7. Loans and advances to customers *(continued)*

Collateral received as security for financial assets and commitments are as follows:

	2014 Market value £	2013 Market value £
Equipment	**28,197,533**	28,524,433
	28,197,533	28,524,433

Total collateral relates to performing loans for clients SNC Corentin, SNC Alice and Res Wind Farms. The types of assets held as security are ships (SNC Corentin SNC Alice) and wind farms (Res Wind Farms).

An independent valuation is available for the two ships. The Company benefits from 18.18% of $242m (USD), the total value of the ships at 31 December 2014. Due to the nature of the wind farm assets, obtaining a reliable estimate of their current value would result in significant cost. For this reason the Company has decided it is impracticable to obtain regular valuations and therefore no value has been included in the above disclosure for these assets.

8. Trade and other receivables

	2014 £	2013 £
Other receivables	**68,499**	2,081,124
	68,499	2,081,124

9. Cash and cash equivalents

	2014 £	2013 £
Cash with third party financial institutions	**6,342,017**	4,254,448
Cash with related parties *(note 11)*	**6,613,815**	35,225,053
Cash and cash equivalents	**12,955,832**	39,479,501

10. Accruals and other payables

	2014 £	2013 £
Accruals	**10,120**	**28,344**
Other payables	**-**	**46,391**
	10,120	**74,735**

Notes to the annual financial statements *(continued)*

11. Related parties

Identity of related parties

Related parties comprise major shareholders, directors and key management personnel of the Company and its related concerns. The Company, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24.

The Company has a related party relationship with its parent, group companies, directors and key management personnel.

Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary of ABN AMRO Acquisition Finance Holdings B.V (the "Parent"), which is ultimately owned by ABN AMRO Group N.V. (the "Ultimate Parent").

The Ultimate Parent is a licensed Company established in Amsterdam, Netherlands. The registered office of ABN AMRO Group N.V. is situated at Gustav Mahlerlaan 10, 1082 PP Amsterdam, Netherlands. Copies of the Parent financial statements can be obtained from this address or accessed through the internet at http://www.abnamro.com.

Fellow subsidiaries

Fellow subsidiaries represent all companies that are under the significant influence of the Ultimate Parent.

Key management personnel

In addition to their emoluments, the UK Group to which the Company belongs provides contributions to a post-employment defined contribution plan on behalf of the directors.

	2014	2013
	£	£
Directors' emoluments	**147,304**	170,672
Company contributions to money purchase pension plans	**14,870**	18,950

The aggregate of emoluments of the highest paid director was £82,997 (2013: £95,347), and pension contributions of £9,536 (2013: £10,744) were made to a money purchase scheme on their behalf.

The number of directors to whom retirement benefits are accruing under the Group's defined contribution scheme was 4 (2013: 4). All directors benefited from qualifying third party indemnity provisions.

Group Entities

At the year end, the Company had the following balances with its related parties:

Amount due to related companies

	2014	2013
	£	£
Amount due to fellow subsidiaries	**93,861**	91,797
Interest payable to fellow subsidiaries	**-**	6,444
	93,861	98,241

Notes to the annual financial statements *(continued)*

11 Related parties *(continued)*

***Group Entities** (continued)*

The amount due to a related company is non-interest earning and repayable within three months.

Cash and cash equivalent

	2014 £	2013 £
Cash with fellow subsidiaries *(note 9)*	**6,613,815**	35,225,053

Cash with fellow subsidiaries comprise non-interest bearing current accounts held with ABN AMRO.

Loans and borrowings from a related company

	2014 £	2013 £
Loans from ABN AMRO Bank N.V.	**25,619,014**	67,402,909

Loans and borrowings from related parties mature as follows:

	2014 £	2013 £
1 – 3 months	**418,739**	48,452,918
3 – 12 months	**25,200,275**	18,949,991
	25,619,014	67,402,909

Interest is charged at varying interest rates, dependent on the currency, as follows:

Currency	**2014 Maximum %**	**2014 Minimum %**	2013 Maximum %	2013 Minimum %
EUR	1.50	0.22	1.42	0.11
GBP	1.00	0.48	0.93	0.49
USD	1.00	0.15	0.72	0.17

Transactions with related parties

During the year, the Company had the following transactions with its related parties:

	2014 £	2013 £
Interest expense	**289,199**	413,728
Allocation costs from related parties *(note 4)*	**584,025**	1,277,643

The allocation costs from related parties within general and administrative costs relate to overhead costs and support functions from fellow subsidiaries.

The fellow subsidiaries provide the Company with finance, human resources, risk management, IT and other administrative services. ABN AMRO UK Branch charges the Company on a monthly basis for these services.

Notes to the annual financial statements *(continued)*

12. Shareholder' equity

	2014	2013
	£	£
Authorised		
Ordinary shares of £1 each	**50,000**	50,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**10,000**	10,000

13. Capital contribution

In 2002 and 2003 the company received non-interest bearing loans from its then parent entity ABN AMRO Holdings (UK) Limited. In accordance with IAS 39 these loans were initially recognised at fair value based on the prevailing interest rate at the time of the loan with the implied interest portion being treated as a non-distributable capital contribution to the company and presented in equity.

This loan was repaid and the capital contribution has been transferred to retained earnings.

14. Commitments

The Company committed facilities available to customers which were undrawn at the statement of financial position date were £439,775 (2013: £475,610) with £Nil maturing within one year (2013: Nil) and £439,775 (2013: £475,610) maturing after one year.

15. Financial instruments

Risk management

The principal activity of the Company is the granting of loans and advances to corporate customers of ABN AMRO Bank N.V. The Company has however not granted any new loans to customers in recent years. It is also not the intention of the Company to grant any further loans to clients in the future. The Company does not currently trade in financial instruments.

In its nature, the lending performed by the Company is aimed at generating profits while minimising risks involved. The main risks which the Company faces in the course of its operational activities are credit risk, operational/settlement risk, liquidity risk and currency risk.

Proper identification and management of these risks, is the responsibility of the directors of the Company. Monitoring and reporting of the risks is performed by the risk management function of the ultimate parent on a day-to-day basis.

Risk procedures

The initial risk assessment is undertaken by the directors of the Company followed by an assessment of risk management function and by the risk committee of the ultimate holding company, ABN AMRO Group N.V. before entering into lending transactions. The risks involved are monitored on a daily basis. Monitoring includes amongst others verifying whether the positions individual and in total are within set limits. The limits are set by the Company's Credit Committee, the Central Credit Committee of ABN AMRO Group N.V. and the directors of the Company.

Market risk

Loans and advances are often not in the Company's functional currency and consequently this constitutes a currency risk for the Company. When entering into a lending transaction, the Company mitigates the currency risk by borrowing funds in the same currency from another group company. However, the Company has outstanding amounts in non-GBP currencies as a result of the receipt of interest and dividend payments as well as monthly accruals and provisions raised against exposures. These items can create an open currency position. The Company has a FX management procedure document in place which governs the manner in which these open positions are managed.

Notes to the annual financial statements *(continued)*

15. Financial instruments *(continued)*

***Market risk** (continued)*

The procedure requires the open positions to be monitored on a regular basis. The positions are monitored per currency and any open positions should be hedged by buying or selling the currency as required and as set out in the FX procedure document.

The Company is therefore not exposed to any subsequent market risks as there is minimum foreign exchange and interest rate risks due to matched funding by notional and currency.

Operational/settlement risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal and compliance risk, but excludes strategic/business and reputation risk. Some examples of operational risk include fraud, litigation for non- compliance with law or natural disasters and terrorism. Mitigating actions can be risk avoidance, reduction or transfer, or improving control.

In accordance with industry practice, the company has acquired insurance policies issued by third party insurers which provide coverage under a combined Bankers Blanket Bond, Computer Crime and Professional Indemnity insurance. The company has a Directors and Officers liability insurance.

Liquidity risk

Liquidity risk is the risk of not meeting actual (and potential) payments or collateral posting obligations when they are due. It has two components, described below.

Funding liquidity risk is the risk that expected and unexpected cash demands of deposit, policyholders, and other contract holders cannot be met without suffering unacceptable losses or without endangering the business franchise.

Market liquidity risk concerns the inability to realise assets due to inadequate market depth, or market disruption. As such it is related to market risk to a certain extent.

Liquidity risk management is a combination of managing funding resources while maintaining a portfolio of highly marketable assets that can be liquidated as a protection against any unforeseen interruption of cash flows. Asset Liability Management has formulated a policy and framework for sound liquidity risk management. Its primary goal is to ensure that the Company maintains sufficient cash and liquid assets to meet its current and future financial obligations at all times, in both normal and exceptional circumstances and for every currency in which it has an exposure.

The Group Risk Committee (GRC) defines the risk appetite of the bank and the businesses, with final approval by the Managing Board. This also includes liquidity risk. The ABN AMRO Asset and Liability Committee (ALCO) are responsible for monitoring liquidity risk across ABN AMRO Group N.V.

All deals are funded by a fellow subsidiary.

The table below shows the Company's liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date, on an undiscounted basis:

Notes to the annual financial statements *(continued)*

15. Financial instruments *(continued)*

Liquidity Risk *(continued)*

31 December 2014

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	No maturity	Total
	£	£	£	£	£	£	£
Liabilities							
Trade and other payables	-	-	10,120	-	-	-	10,120
Amount due to related parties	-	93,861	-	-	-	-	93,861
Loans and borrowings from related companies	-	418,739	25,200,275	-	-	-	25,619,014
Total liabilities	-	512,600	25,210,395	-	-	-	25,722,995

31 December 2013

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	No maturity	Total
	£	£	£	£	£	£	£
Liabilities							
Trade and other payables	-	-	74,735	-	-	-	74,735
Amount due to related parties	-	98,241	-	-	-	-	98,241
Loans and borrowings from related companies	-	48,452,918	18,949,991	-	-	-	67,402,909
Total liabilities	-	48,551,159	19,024,726	-	-	-	67,575,885

The above table represents the contractual maturity of the liabilities which shows mismatches between time buckets. In reality all interest bearing liabilities are matched to loans and advances to the next interest rollover dates, thus eliminating any interest rate mismatch.

Notes to the annual financial statements *(continued)*

15. Financial instruments *(continued)*

Currency risk

Loans and advances are often not in the Company's functional currency and consequently this constitutes a currency risk for the Company. When entering into a lending transaction, the Company mitigates the currency risk by borrowing funds in the same currency from another group company. Furthermore, the Company has outstanding amounts in non-GBP currencies as a result of the receipt of interest and dividend payments. These amounts are periodically converted into GBP. The Company's exposure to foreign currency risk was as follows:

2014	**GBP** **£**	**USD** **£**	**EURO** **£**	**Total** **£**
Loans and advances to customers	2,815,800	15,372,116	7,033,857	**25,221,773**
Available for sale assets	-	-	1,400,010	**1,400,010**
Trade and other receivables	22,396	10,013	36,090	**68,499**
Accruals and other payables	-	-	(10,120)	**(10,120)**
Amount due to related parties	(93,861)	-	-	**(93,861)**
Loans and borrowings from related companies	(2,829,276)	(15,835,769)	(6,953,969)	**(25,619,014)**
Net statement of financial position exposure	**(94,941)**	**(453,640)**	**1,505,868**	**967,286**

2013	**GBP** **£**	**USD** **£**	**EURO** **£**	**Total** **£**
Loans and advances to customers	19,428,026	29,318,841	17,534,786	**66,281,653**
Trade and other receivables	(43,520)	655,720	1,468,924	**2,081,124**
Accruals and other payables	(26,732)	56	(48,059)	**(74,735)**
Amount due to related parties	(91,644)	-	(6,597)	**(98,241)**
Loans and borrowings from related companies	(21,638,025)	(29,318,841)	(16,446,043)	**(67,402,909)**
Net statement of financial position exposure	**(2,371,895)**	**655,776**	**2,503,011**	**786,892**

	2014	2013
GBP		
USD	**1.5603**	1.6501
EURO	**1.2819**	1.1774

The above exchange rates were applied at year end.

Notes to the annual financial statements *(continued)*

15. Financial instruments *(continued)*

Credit risk

Credit risk arises when a customer or counterparty is no longer able to meet its obligations under contract. This may happen as a result of either a customer's or counterparty's insolvency or government restrictions on capital transfers.

Credit risk arises both in lending and in investing activities. The Company uses appropriate instruments, policies, and processes to manage credit risk including maintenance of a fully independent credit approval process with set creditworthiness limits and oversight procedures. To manage the concentration of credit risk, ABN AMRO's credit risk management policy aims to spread the credit risk across several sectors and countries.

Impairment for specific credit risk is established if there is objective evidence that the company will not be able to collect all amounts due in accordance with contractual terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows or, alternatively, the collateral value less costs to sell if the loan is secured.

An 'incurred but not identified' (IBNI) impairment on loans is recorded when there is objective evidence that incurred losses are present in components of the loan portfolio, without having specifically identified impaired loans. This impairment is estimated based upon historical patterns of losses in each component, reflecting the current economic climate in which the borrowers operate and taking into account the risk of difficulties in servicing debt in some foreign countries based on an assessment of the political and economic situation.

The carrying amount of financial assets represents the maximum credit exposure. For an analysis of undrawn commitments refer to note 14. The maximum funded exposure to credit risk at the reporting date was:

	Note	**2014**	2013
		£	£
Loans and advances to customers	*7*	**25,030,536**	42,689,993
Trade and other receivables	*8*	**68,499**	2,081,124
Cash and cash equivalents	*9*	**12,955,832**	39,479,501
Undrawn commitments	*14*	**439,775**	475,610
		38,494,642	84,726,228

Notes to the annual financial statements *(continued)*

15. Financial instruments *(continued)*

***Credit Risk** (continued)*

The tables below disclose the maximum exposure to credit risk at the reporting date for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

	Up to date	Past due but not impaired	Individually impaired	Impairment allowance	Total (net)
	£	£	£	£	£
At 31 December 2014					
Loans and advances to customers	25,221,773	-	-	(191,237)	25,030,536
Total	**25,221,773**	-	-	**(191,237)**	**25,030,536**
At 31 December 2013					
Loans and advances to customers	25,385,072	-	40,896,581	(23,591,660)	42,689,993
Total	25,385,072	-	40,896,581	(23,591,660)	42,689,993

Information about the credit quality of financial assets that are neither past due nor impaired is as follows and is based on the Standard & Poor's Credit Scale. :

	AAA - BBB+	BBB - B+	B - Below	Total
	£	£	£	£
At 31 December 2014				
Loans and advances to customers	19,201,415	6,020,358	-	25,221,773
Total	19,201,415	6,020,358	-	25,221,773

	AAA - BBB+	BBB - B+	B - Below	Total
	£	£	£	£
At 31 December 2013				
Loans and advances to customers	14,544,992	10,840,080	-	25,385,072
Total	14,544,992	10,840,080	-	25,385,072

Notes to the annual financial statements *(continued)*

15. Financial instruments *(continued)*

Fair values

The fair values of the financial assets and liabilities materially equate to their carrying values.

The principal methods and assumptions used by the Company in determining the fair value of financial instruments are: -

- The carrying amounts are considered to approximate fair values for: the amount due from a related company; cash and cash equivalents; trade and other payables; and amounts due to a related company as they are receivable or payable on demand.
- The fair value of the loans and advances to customers and loans and advances to banks is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The market rate of interest is determined by taking the weighted average rate of all loans outstanding per currency for each counterparty at the reporting date.

The table below analyses financial instruments by accounting category. The different levels in the fair value hierarchy in which fair value measurements are categorised for financial assets and liabilities have been defined as follows:

Level 1 — Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 — Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 — Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

The following table outlines the fair value hierarchy of instruments carried at fair value:

At 31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Financial Assets				
Loans and advances to customers	-	25,030,536	-	25,030,536
Available for sale investments	-	1,400,010	-	1,400,010
Trade and other receivables	-	68,499	-	68,499
Financial Liabilities				
Accruals and other payables	-	10,120	-	10,120
Amount due to related party	-	93,861	-	93,861
Loans and borrowings from a related party	-	25,619,014	-	25,619,014

Notes to the annual financial statements *(continued)*

16. Accounting estimates and judgements

In the process of applying the Company's accounting policies, which are described in note 3, management has used estimates and made the following judgements which have a significant effect on the amounts of assets and liabilities recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and mainly relate to impairment losses on loans and advances to customers and banks as further described below.

Impairment losses on loans and advances to customers and to banks

The Company reviews its loans and advances to assess impairment on a quarterly basis. The specific counterparty component of the total allowances for impairment applies to loans and advances evaluated individually for impairment and are based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the board of directors.

17. Post balance sheet events

The Company was sold by ABN AMRO Holdings (UK) Limited to ABN AMRO Acquisition Finance Holding B.V. for consideration of £15,906,228 on 12 March 2015.