AMENDED

COMPANY REGISTRATION NUMBER 09863941

Landmark Holdco Limited
Annual report and financial statements

For the year ended 31 December 2017

Landmark Holdco Limited
Annual report and financial statements for the period ended 31 December 2017

Contents

Landmark Holdco Limited

Officers and registered office

Directors

Daniel Jaffe
Susan Abrahams
Helena Whitaker

Company secretary and registered office

Intertrust Corporate Services Limited
35 Great St. Helen's
London
EC3A 6AP

Company number

09863941 (England and Wales)

Independent auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
One St Peter's Square
Manchester
United Kingdom
M2 3AE

The directors present the strategic report for Landmark Holdco Limited (the "Company") and the group as detailed below for the year ended to 31 December 2017.

Principal activity and future developments

The Company's main activity is to act as a holding company for Landmark Bidco Limited ("Bidco"). Bidco Limited Company holds 100% of the shares of Landmark Mortgages Limited ("LML") and its principal activity is that of a holding company for the investment in Landmark Mortgages Limited. LML primarily operates as a master servicer and legal title holder, providing oversight of mortgage loans secured on residential properties (and of associated services) and unsecured loans. The servicing of the mortgage loans had been sub-delegated to an outsourced mortgage servicing supplier. LML is registered in Fleet and has an operational presence in Crossflats, United Kingdom. It is authorised and regulated by the Financial Conduct Authority ("FCA").

The Group includes Landmark Holdco Limited, Landmark Bidco Limited and Landmark Mortgages Limited (the "Group").

On 20 December 2017 the Company issued a further 60,856,766 ordinary shares with a nominal value of £1 each, these shares were purchased by Cerberus European Residential Holdings B.V. ("CERH"), the Company's ultimate parent. The Company used the funds to invest in 60,856,766 ordinary shares issued by Bidco. Bidco in turn used the funds to repay the outstanding loan balance to CERH and this loan is now fully repaid.

The trading activities of the Group are performed by LML. LML during the year has remained in its role as the Master Servicer and Legal Title Holder providing oversight to the acquired loan portfolios of Cerberus Capital Management LP ("Cerberus"). The beneficial title to the entire acquired loan portfolios had been transferred outside of the Company.

LML continued to carry over the legacy customer remediation issues that were recognised as a liability on the Statement of Financial Position as a provision for customer redress. The customer remediation of £50.9m is indemnified and managed directly by UK Asset Resolution Limited ("UKAR") with LML providing oversight of the remediation transactions. The indemnity protection given by UKAR regarding redress claims is split between LML and Bidco.

On 7 December 2017, LML had undertaken steps to streamline its Financial Position whilst ensuring that LML continues to meet FCA regulatory capital requirements and its business objectives. This resulted in a reduction in LML's share capital and its non-distributable reserves through a solvency statement resolution of £104.0m and £410.5m respectively. On the same date, LML distributed dividends of £554.6m in favour of Bidco, and entered into an arrangement with Bidco to offset the dividends payment with the outstanding LML loan to Bidco.

The results of the Group can be found on page 10 and the Company on page 11.

The directors do not anticipate any changes to the nature of the Company's and Group's business in the foreseeable future.

Key performance indicators

Key performance indicators utilised by The Group are:

	Year to 31 Dec 2017 £ in million	unaudited 9 Nov 2015 to 31 Dec 2016 £ in million
Legal title and master servicing fee income (in LML)	12.5	8.3
Profit/ (loss) for the year (consolidated)	12.2	(71.5)

Principal risks and uncertainties

The principal risks and uncertainties to which the Group is exposed and which could impact significantly on its ability to conduct its business successfully are at the LML level and are summarised below.

Credit risk
Credit risk is the risk that counterparties engaging in transactions with the Group will not be able to meet their obligations as they fall due and arises principally from Group's contractual arrangement under respective legal title holding trust deeds and master servicing agreements. For risk management reporting purposes, the Group considers all elements of credit risk exposure.

Conduct risk
This is the risk of treating customers unfairly associated with the failure to deliver appropriate customer outcomes which could impact Group's reputation and its financial performance. The Group has a zero risk appetite for conduct risk that could lead to unfair customer outcomes. The senior management as delegated by the Board of Directors will manage conduct risk and ensure that it has been integrated into the business decision making and strategy.

Operational risk
As LML operates in the highly regulated financial sector, compliance failures or failures to respond effectively to new and emerging regulatory developments could result in reputational damage and financial loss. Additionally, this also includes failure of key internal controls such as loss from theft, error, systems breakdown and failure to guard against cyber security risks. LML's compliance department and its senior management are tasked with the monitoring and control of such risk throughout the business.

Supplier Risk
The Group is dependent on outsourcing contracts and partners. The Group is exposed to the risk that any outsourcing arrangements are not properly managed by the Group, or that the supplier may default on or otherwise seek to avoid its contractual obligations. In addition if any of the Group's key outsourcing partners cannot or will not continue to provide the outsourced functions and services for a sufficient time and with provision of adequate assistance to enable transfer to an alternative provider, then the Group may face significant disruption to its services and functions, reputational damage and possible regulatory scrutiny, which may adversely affect the Group's operating results and financial condition. The Group's material outsourced provider will be undertaking an integration programme providing enhancements to its mortgage servicing proposition. Accordingly, the Group's management will be working with the supplier to ensure a smooth migration of the Cerberus acquired loan portfolios.

Principal risks and uncertainties (*continued*)

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet financial commitments arising from the cash flows generated by its business activities. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. The Group's finance department actively monitors its cash flow profile to mitigate its exposure to liquidity risks as far as possible, and ensure that the maturities of assets and liabilities are matched.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

Brexit

The Group has identified Brexit risk being the risk of an economic downturn in light of the UK leaving the European Union ("EU") on 29 March 2019, which is proposed to be extended to 31 October 2019. The Group has created scenarios for the potential eventuality that the UK leaves the EU with or without a deal, this includes, tax regulations and any other regulatory impact.

The Group is UK focused business with no key reliance on EU trade or suppliers as well as the Group's primary assets being amounts due from a UK parent and indemnified remediation cost receivables, which are not affected by Brexit.

General Data Protection Regulation ("GDPR")

LML is fully compliant with GDPR requirements.

Going concern of the Company and Group

The Directors have assessed, taking into consideration the principal risks and uncertainties set out above and in note 17, the current strategy and business objectives and existing and potential economic conditions, the Company's and Group's ability to continue as a going concern.

Having made enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore believe that the Company and the Group is well placed to manage business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

Susan Abrahams

Director

26 April 2019

Landmark Holdco Limited

Company registration number 09863941

Directors' report for the period ended 31 December 2017

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2017.

Future developments

Information on future developments is included in the Incorporation, Principal activities and future developments, business review and future developments section of the Strategic report.

Financial risk management

Quantitative details of the Company's and the Group's financial risk management objectives, its financial instruments and its exposures to credit risk and liquidity risk are set out in note 16 to the financial statements (refer also to the in the Strategic report).

Directors

The directors of the Company during the year, and subsequently, were:

Claudia Wallace	(Resigned 20 July 2018)
Susan Abrahams	
John Paul Nowacki	(Appointed 9 November 2015, resigned 27 January 2017)
Helena Whitaker	(Appointed 27 January 2017)
Daniel Jaffe	(Appointed 20 July 2018)

Company secretary

Intertrust Corporate Services Limited acted as company secretary to the year end and subsequently.

Third parties indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual report and financial statements.

Corporate governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company and the Group is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The Transaction Documents provides for procedures that have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Statement of disclosure of information to the auditor

The directors confirm that:

a) so far as the directors are aware, there is no relevant information of which the Company's or Group's auditor is unaware; and

b) each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's and Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Auditor

The auditor, KPMG LLP, have expressed their willingness to continue in office. Pursuant to section 487 of the Companies Act 2006, KPMG LLP, subject to any resolution to the contrary, are deemed to have been re-appointed as auditor of the Company and the Group.

On behalf of the Board

Susan Abrahams
Director

26 April 2019

Statement of directors' responsibilities in respect of annual report and financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDMARK HOLDCO LIMITED

Opinion

We have audited the financial statements of Landmark Holdco Limited ("the company") for the year ended 31 December 2017 which comprise the group statement of comprehensive income, company statement of comprehensive income, group statement of changes in equity, company statement of changes in equity, group statement of financial position, company statement of financial position, group statement of cash flows and related notes and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit and the parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as provisions, indemnity assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

A Simpson

Alexander Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St. Peters Square
Manchester
M2 3AE

26 April 2019

Landmark Holdco Limited

Group statement of comprehensive income for the year ended 31 December 2017

	Note	Year to 31 Dec 2017	Unaudited 9 Nov 2015 to 31 Dec 2016
		£'000	£'000
Interest receivable and similar income		**24,987**	86
Interest payable and similar charges		**(11,181)**	(12,564)
Net interest income/(expense)	3	**13,806**	(12,478)
Legal title and master servicing fee income		**12,479**	8,347
Other operating expense	5	**(12,481)**	(8,810)
Operating profit		**13,804**	(12,941)
Gain on indemnity assets	4	**20,842**	16,289
Provision for customer redress	14	**(20,511)**	(19,458)
Write off of goodwill		**-**	(55,833)
Loss on sale of loans		**-**	(1,577)
Profit/(loss) before taxation		**14,135**	(73,520)
Taxation	6	**(1,964)**	1,963
Profit/(loss) for the financial year/period		**12,171**	(71,557)
Other comprehensive income		**-**	-
Total comprehensive income for the financial year/period		**12,171**	(71,557)

The accompanying notes on pages 17 to 35 are an integral part of these financial statements.

Landmark Holdco Limited

Company statement of comprehensive income for the year ended 31 December 2017

	Note	Year to 31 Dec 2017	Unaudited 9 Nov 2015 to 31 Dec 2016
		£'000	£'000
Interest receivable and similar income		-	-
Interest payable and similar charges		-	-
Net interest income/(expense)		-	-
Other operating income		-	-
Other operating expense		-	-
Net other operating expense		-	-
Operating profit		-	-
Impairment provision on investment	7	**(59,386)**	-
Write off of goodwill		-	-
Loss on sale of loans		-	-
Loss before taxation		**(59,386)**	-
Taxation		-	-
Loss for the financial year/period		**(59,386)**	-
Other comprehensive income		-	-
Total comprehensive income for the financial year/period		**(59,386)**	-

The accompanying notes on pages 17 to 35 are an integral part of these financial statements.

Landmark Holdco Limited

Group statement of changes in equity for the year ended 31 December 2017

	Share capital	Retained losses	Total equity
	£'000	**£'000**	**£'000**
Balance as at 9 November 2015	-	-	-
Loss for the financial period	-	(71,557)	(71,557)
Unaudited balance as at 31 December 2016	**-**	**(71,557)**	**(71,557)**
Issue of share capital	60,857	-	60,857
Profit for the financial year	-	12,171	12,171
Balance as at 31 December 2017	**60,857**	**(59,386)**	**1,471**

Landmark Holdco Limited

Company statement of changes in equity for the year ended 31 December 2017

	Share capital	Retained losses	Total equity
	£'000	£'000	£'000
Balance as at 9 November 2015	-	-	-
Issue of shares	-	-	-
Profit for the period	-	-	-
Unaudited balance as at 31 December 2016	-	-	-
Loss for the year	-	(59,386)	(59,386)
Issue of shares	60,857	-	60,857
Balance as at 31 December 2017	**60,857**	**(59,386)**	**1,471**

Landmark Holdco Limited

Company registration number 09863941

Group statement of financial position as at 31 December 2017

	Note	2017 £'000	Unaudited 2016 £'000
Assets			
Cash at bank - restricted		**6,553**	4,055
Cash at bank - unrestricted		**2,339**	4,633
Current tax assets		**1,424**	-
Deferred tax assets	13	**-**	2,412
Due from parent undertakings	8	**-**	481,120
Indemnity assets	9	**90,309**	128,156
Other assets	10	**2,379**	3,160
Property and equipment	11	**133**	188
Total assets		**103,137**	623,724
Liabilities			
Other liabilities	12	**9,228**	10,462
Due to parent undertakings		**-**	551,005
Current tax liabilities		**-**	6,228
Provisions	14	**92,438**	127,586
Total liabilities		**101,666**	695,281
Equity			
Share capital	15	**60,857**	-
Retained losses		**(59,386)**	(71,557)
Total shareholders' equity/(deficit)		**1,471**	(71,557)
Total liabilities and equity		**103,137**	623,724

The accompanying notes on pages 17 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were approved and authorised for issue by the board on 26 April 2019.

Susan Abrahams
Director

Landmark Holdco Limited

Company registration number 09863941

Company statement of financial position as at 31 December 2017

	Note	2017 £'000	Unaudited 2016 £'000
Fixed assets			
Investment in subsidiary	7	**1,471**	-
		1,471	-
Current assets			
Debtors		-	-
Cash at bank and in hand		-	-
		-	-
Creditors: amount falling due within one year		-	-
Net current assets		-	-
Total assets less current liabilities		**1,471**	-
Creditors: amounts falling due after more than one year		-	-
Net assets		**1,471**	-
Capital and reserves			
Called up share capital	15	**60,857**	-
Profit and loss account		**(59,386)**	-
Total shareholders' equity		**1,471**	-

The accompanying notes on pages 17 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were approved and authorised for issue by the board on 26 April 2019.

Susan Abrahams
Director

Landmark Holdco Limited

Group statement of cash flows for the year ended 31 December 2017

	Note	Year to 31 Dec 2017 £'000	Unaudited 9 Nov 2015 to 31 Dec 2016 £'000
Net cash outflow from operating activities			
Profit/(loss) before tax for the year/period		**14,135**	(73,520)
Adjustments for			
Depreciation		**57**	38
Provision for customer redress		**20,511**	19,458
Gain on indemnity assets		**(20,842)**	(16,289)
		13,861	(70,313)
(Increase)/decrease in assets			
Indemnity assets		**58, 689**	(111,867)
Other assets		**781**	(3,160)
Increase/(decrease) in liabilities			
Other liabilities		**(1,234)**	10,462
Provisions		**(55,659)**	108,128
Tax paid		**(7,204)**	5,779
Cash outflow from operating activities		**9,234**	(60,971)
Cash flows from investing activities			
Purchase of property and equipment		**(2)**	(226)
Net cash flows from investing activities		**(2)**	(226)
Cash flows from financing activities			
Issue of ordinary share capital		**60,857**	
Net proceeds of loan from CERH		**(69,885)**	69,885
Net cash flows from financing activities		**(9,028)**	69,885
Net movement in cash and cash equivalents		**204**	8,688
Opening cash and cash equivalents		**8,688**	-
Closing cash and cash equivalents		**8,892**	8,688

Accounting policies

General information

Landmark Holdco Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales with the registered office at 35 Great St. Helen's, London, EC3A 6AP.

Statement of compliance

The statutory financial statements set out herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The standards adopted by the Company and Group are those that are effective and adopted by the European Union as of the date of the Statement of Financial Position.

The financial statements also comply with the relevant provisions of the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for derivative financial instruments held in the prior period, which have been stated at their fair value.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about the carrying amounts of assets and liabilities. Actual results may differ from the estimates made. The estimates and assumptions are reviewed on an ongoing basis and where necessary are revised to reflect current conditions. The principal estimates and assumptions made by management relate to loans and advances impairment provisions including security valuations and interest rate assumptions in the prior period. Current year principal estimates and assumptions relate to customer redress provisions. Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

Going concern

The Directors have assessed, taking into consideration the principal risks and uncertainties set out above and in note 17, the current strategy and business objectives and existing and potential economic conditions, the Company's and Group's ability to continue as a going concern.

Having made enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore believe that the Company and the Group is well placed to manage business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

A cash flow statement has not been presented for the Company as the Company has no bank account and cash transactions.

Accounting policies (*continued*)

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The calculation of the effective interest rate includes all fees paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issuance of a financial asset or liability.

Other operating income

-Legal title income and master servicing fee income

Legal title income and master servicing fee income arising from mortgage administration services provided to third parties are recognised on an accrual basis when the service has been provided to which the fee relates.

-Other income

Gain on the indemnity assets recoverable from third party and held within Debtors.

Foreign currencies

The presentation and functional currency of the Company and Group is pounds sterling. Except where otherwise indicated, financial information presented in pounds sterling has been rounded to the nearest thousand ('000').

Foreign currency transactions are translated into Sterling at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Sterling at the exchange rates prevailing at the balance sheet date. Exchange rate movements on these are recognised in the statement of comprehensive income.

Cash and cash equivalents and restricted cash balances

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investing or other purposes. Cash and cash equivalents consist of cash and balances with banks that are freely available and non-equity investments with a maturity of three months or less from the date of acquisition and any bank overdrafts.

Restricted cash comprises cash held on trust for a short holding period to be transferred across to the respective beneficial owners of the mortgage loan portfolios under a servicing contract with the Group. These amounts are separate from any of the Group's own (unrestricted) cash balances in the Statement of Financial Position or in the statement of cash flows.

Accounting policies (*continued*)

Taxation

(i) Current tax
The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated arising from temporary differences between the carrying amounts of certain items for taxation and for accounting purposes. Tax relating to items which are taken directly to reserves is also taken directly to reserves.

(ii) Deferred tax
Deferred tax is calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities including derivative contracts, provisions for pensions, and changes in accounting basis on adoption of IFRS.

Deferred tax assets are recognised when it is probable that future taxable profits will be available against which these temporary differences can be utilised.

Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Provisions and contingent liabilities

Provisions are recognised when, and only when, the following criteria are all met:

There is a present obligation (legal or constructive) as a result of a past event;

It is probable that an outflow of resources will be required to settle the obligation; and

A reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and are released if they no longer meet the above criteria.

Provisions are discounted to net present value using rates which reflect the risks specific to the provision, if the effect of discounting is material.

To the extent that the provision in the Group is covered by warranty and indemnity, the associated indemnity asset is recognised, measured and valued in accordance with the requirements of IAS 37.

Contingent liabilities are possible obligations whose existence depends upon the outcome of uncertain future events, or are present obligations where the outflows of resources are uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

Determination of fair value of financial instruments

The Company and Group measures financial instruments, such as derivative financial instruments, trading financial instruments and other financial instruments designated at fair value through profit or loss, certain risks in hedged financial instruments, financial assets classified as available for sale, investment properties and share-based payments at fair value on initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability which is accessible to the Company and Group.

Accounting policies (*continued*)

Determination of fair value of financial instruments (continued)

The Company and Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole described as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques such as discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company and Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company and Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

An analysis of the fair values of financial instruments and further details as to how they are measured is provided in note 18.

Property and equipment

Property and equipment is shown at cost less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost, less the estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	Over ten years
Computer equipment	Over four years

Subsequent costs are included in the assets' carrying amounts only when it is probable that future economic benefits associated with the item will flow to the Company and Group and the cost of the item can be measured reliably.

Property and equipment is assessed for impairment where there is an indication of impairment. Where impairment exists, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the statement of comprehensive income. The depreciation charge for the asset is then adjusted to reflect the asset's revised carrying amount.

Assets in the course of construction are not depreciated until they have been completed and transferred to the appropriate category of property, plant and equipment. The costs of financing assets in the course of construction are not included in the costs of the assets. Assets in the course of construction are included within the impairment test referred to above where appropriate.

A previously recognised impairment charge on an asset may be reversed in full or in part where a change in circumstances leads to a change in the estimates used to determine its recoverable amount. The carrying value of the asset will not be increased above the carrying value at which it would have been held had the impairment not been recognised.

Accounting policies (*continued*)

Financial liabilities

Financial liabilities include inter-company borrowings, and in the prior period other banks and credit institutions, debt securities and subordinated debt issued. Financial liabilities are initially recorded at fair value and then subsequently measured at amortised cost calculated on an effective interest basis.

Adoption of new and revised reporting standards

The new standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2018 are not considered to have a material impact on the Company or Group.

Amendments to IAS 7 Disclosure Initiative

The Company and Group have applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The application of these amendments has had no impact on the Company's and Group's financial statements as the Company's and Group's liabilities movements are all cash related and included in the Statement of Cash flow financing activities.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Company and Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's and Group's financial statements as the Company and Group does not recognise deferred tax assets on its losses during the financial year.

New reporting standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company and Group, except the following set out below:

IFRS 9 largely replaces the requirements of the existing financial instruments standard, IAS 39: 'Financial Instruments: Recognition and Measurement' and was endorsed by the EU on 22 November 2016. The standard is effective for annual periods beginning on or after 1 January 2018 and is required to be applied retrospectively. However, prior periods need not be restated, instead an adjustment may be reflected in opening retained earnings at the start of the period when IFRS 9 is first adopted.

The standard includes requirements for classification and measurement of financial assets and liabilities, hedge accounting and the impairment of financial assets.

Classification and measurement

The classification of financial assets will be based on the objectives of the Company's and Group's business model and the contractual cash flow characteristics of the instruments. Financial assets will then be classified as held at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL"). In most instances, the measurement outcomes will be similar to those under IAS 39 and therefore, any changes from the accounting treatment currently followed by the Company and Group under IAS 39 are not expected to be significant. The classification of financial liabilities is essentially unchanged from the treatment under IAS 39.

Accounting policies (*continued*)

Impairment of financial assets

Impairment provisions requirements of IFRS 9 are to move to expected losses rather than incurred losses under IAS 39. Its adoption is not expected to have a material impact on its results or financial position as the Company and Group.

Hedge accounting

The hedge accounting requirements of IFRS 9 are designed to create a stronger link with financial risk management. The Company and Group have no current exposure on hedging instruments. Accordingly, its adoption is not expected to have a material impact on its results or financial position.

Other New reporting standards not yet adopted

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. Its adoption is not expected to have a material impact on its results or financial position as the Company and Group have fee income and interest income from intercompany loans.

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16, 'Leases' will require lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Under IAS 17, lessees are required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet).

The right to use asset is initially measured at cost and subsequently measured at costs (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will be adjusted as operating leases payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. The Company and Group have no current exposure on leases and accordingly, its adoption is not expected to have a material impact on its results or financial position.

The standard is effective for annual periods beginning on or after 1 January 2019. Its adoption is not expected to have a material impact on its Statement of Comprehensive Income or Statement of Financial Position.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Directors and employees

The Company or Group had no employees during the current year or prior period and services required are contracted from third parties.

3 Net interest income/(expense)

	Group	Group
		Unaudited
	Year to 31 Dec 2017	9 Nov 2015 to 31 Dec 2016
	£'000	£'000
Interest receivable and similar income		
On intercompany loans	**24,987**	86
	24,987	86
Interest expense and similar charges		
On intercompany loans	**(11,181)**	(12,564)
	(11,181)	(12,564)
Net interest income/(expense)	**13,806**	(12,478)

4 Gain on indemnity assets

Gain on indemnity is recoverable from third party. The indemnity receivable balance in note 9 is split between Landmark Bidco Limited and Landmark Mortgages limited. At group Landmark Holdco accounts, these balances are consolidated together.

5 Other operating expenses

Included are amounts in respect of non-executive directors paid during the current year and in the prior period. The highest paid director amounted to £131k (Unaudited 2016: £54k). None of the directors accrued retirement benefits during the current year or prior period.

Included in the above are statutory audit fees of £278k (Unaudited 2016: 335k) for the audit of LML. Audit fees of £35k (Unaudited 2016: £35k) for the audit of Bidco and £30k for the audit of the Company's consolidated accounts have been borne by CERH. No non-audit fees have been paid or are payable.

6 Taxation

	Group	Group
		Unaudited
	Year to 31 Dec 2017	9 Nov 2015 to 31 Dec 2016
	£'000	£'000
The tax charge/(credit) for the financial year/period		
Group relief payable	**-**	449
Prior period corporation tax adjustment	**(448)**	-
Deferred tax	**2,412**	(2,412)
Total charge/(credit) for the year/period	**1,964**	(1,963)

The tax assessed for the year/period differs from the standard rate of corporation tax in the UK of 19.25% (unaudited 2016 20%). The differences are explained below:

	Group	Group
		Unaudited
	Year to 31 Dec 2017	9 Nov 2015 to 31 Dec 2016
	£'000	£'000
Profit/(Loss) per accounts	**14,135**	(73,519)
Tax thereon at 19.25%	**2,721**	(14,704)
Non taxable fair value movements	**(4,012)**	(3,257)
Expenses not deductible for tax purposes	**2,348**	4,831
Impairment of goodwill	**-**	11,167
Group relief surrendered for no consideration	**180**	-
Losses carried forward not recognised in deferred tax	**1,175**	-
Prior period adjustment	**(448)**	-
Total taxation charge/(credit) for the year/periodr	**1,964**	(1,963)

7 Investment in subsidiary

The Company purchased all the issued share of Landmark Bidco Limited being 60,856,767 shares of £1 each for the consideration of £60,856,767 (unaudited 2016: £1). An impairment of £59,386k is held against this Investment.

Landmark Bidco Limited purchased all the issued shares of Landmark Mortgages Limited, being 495,959,500 shares of 25p each, for the consideration of £679,895,771. An impairment of £78,308,741 is held against this Investment.

Details of investments of Landmark Holdco Limited	Country of incorporation	Holdings	Proportion of voting rights and shares held	Nature of business
Landmark Bidco Limited registered office, 35 Great St. Helen's, London EC3A 6AP	United Kingdom	Ordinary shares	100%	Issuer
Landmark Mortgages Limited, registered office Admiral House, Harlington Way, Fleet, Hampshire GU51 4YA	United Kingdom	Ordinary shares	100%	Master servicer and legal title holder over mortgage loans secured on residential properties

8 Due from parent undertakings

	Group 2017 £'000	Group Unaudited 2016 £'000
Amounts due from CERH	-	481,120

9 Indemnity assets

	Group 2017 £'000	Group Unaudited 2016 £'000
Indemnity receivable from NRAM Limited	**90,309**	128,156

10 Other assets

	Group 2017 £'000	Group Unaudited 2016 £'000
Prepayments and accrued income	**164**	310
Amounts due from related parties	**2,214**	2,850
Other	**1**	-
	2,379	3,160

11 Property and equipment

31 December 2017	**Group Plant, equipment, fixtures, fittings, and vehicles £'000**	**Total £'000**
Cost		
At beginning of year	226	226
Additions in year	2	2
At end of year	**228**	**228**
Depreciation		
At beginning of year	38	38
Additions in year	57	57
At end of year	**95**	**95**
Net book values		
At 31 December 2017	**133**	**133**
At 31 December 2016	188	188

Unaudited 31 December 2016	Group Plant, equipment, fixtures, fittings, and vehicles £'000	Total £'000
Cost		
At beginning of period	-	-
Additions in period	226	226
At end of period	226	226
Depreciation		
At beginning of period	-	-
Additions in period	38	38
At end of period	38	38
At 31 December 2016	188	188

12 Other liabilities

	Group 2017 £'000	Group Unaudited 2016 £'000
Accruals and deferred income	**529**	586
Trade creditors	**8,686**	9,870
Other creditors	**13**	6
	9,228	10,462

13 Deferred taxation

The Group had no deferred tax assets unrecognised at 31 December 2017 (Unaudited 2016: £Nil).

Deferred tax assets and liabilities are measured at the rates expected to apply in the year when the asset is realised or liability settled, based on tax rates that have been substantively enacted at the balance sheet date.

The Finance Act 2017 enacted a reduction in the UK corporation tax main rate to 17% with effect from 1 April 2020.

	Group 2017 £'000	Group Unaudited 2016 £'000
Brought forward - asset	**2,412**	-
Reversing in year/period	**(2,412)**	2,412
Carried forward	**-**	2,412

14 Provisions

	Group Customer redress £'000	Group Total £'000
At 1 January 2017	**127,586**	**127,586**
Utilised in the year	**(65,322)**	**(65,322)**
Charged in the year	**48,783**	**48,783**
Released in the year	**(18,609)**	**(18,609)**
At 31 December 2017	**92,438**	**92,438**

	Customer redress £'000	Onerous contracts £'000	Total £'000
Unaudited			
At 9 November 2015	134,978	1,845	136,823
Utilised in the period	(44,500)	-	(44,500)
Charged in the period	42,140	-	42,140
Released in the period	(5,032)	(1,845)	(6,877)
At 31 December 2016	127,586	-	127,586

14 Provisions (continued)

The customer redress provision relates to a number of legacy issues including PPI, which are indemnified in respect of the costs by NRAM Limited and managed by our material outsource provider on behalf of the Company.

NRAM Limited hosts monthly tripartite remediation governance committee forums and provides regular remediation action notices for review as appropriate to enable the Group to make an informed decision on customer contact protocols and customer outcomes ahead of remediation activities being mobilised.

The Group remains committed to doing the right thing for our customers and where issues were identified that have caused customer detriment, we will ensure that they are fully remediated. An additional provision of £48.8m (Unaudited 2016: £42.1m) has been recognised during the year, of which £45.5m (Unaudited 2016: £40.3m) relates to an increase in PPI provisions.

All customer redress payments are expected to be processed during the year to 31 December 2018 except for PPI, the majority of which is expected to be processed by Autumn 2019 following publication of the complaint time-bar of 29 August 2019.

The Group, in addition to the above, is also subject to other complaints and legal proceedings, as well as legal and regulatory reviews, challenges, investigations and enforcement actions. All such material matters are periodically reassessed and professional expert advice is taken on these assessments where appropriate. A provision is recognised when the criteria are all met in accordance with the relevant accounting standards (see accounting policies). In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held in relation to such matters. The Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

The onerous contracts provision relates to empty leasehold premises which, as at the Statement of Financial Position date, were no longer used by the business but were subject to lease agreements. The rental payments are due to be made during the period to 2022. These leases were transferred to NRAM Limited on 30 April 2016.

15 Share capital

	Company	Company Unaudited
	2017	2016
	£	£
Called up, allotted and issued		
60,856,767 Ordinary shares of £1 each fully paid (2016: 1 share)	**60,856,767**	1

16 Financial instruments

(a) Categories of financial assets and financial liabilities: carrying value compared to fair value

The following table summarises the carrying amounts and fair values of financial assets and liabilities. Assets are generally presented at bid prices, whereas offer prices are used for liabilities. The accounting policy note 1 sets out the key principles used for estimating the fair values of financial instruments. Note 16(b) provides some additional information in respect of the methodologies used.

2017	**Group Loans and receivables £'000**	**Group Total carrying value £'000**	**Group Fair value £'000**
Financial assets:			
Cash at bank - restricted	**6,553**	**6,553**	**6,553**
Cash at bank - unrestricted	**2,339**	**2,339**	**2,339**
Other financial assets	**2,379**	**2,379**	**2,379**
Total financial assets	**11,271**	**11,271**	**11,271**

	Liabilities at amortised cost £'000	**Total carrying value £'000**	**Fair value £'000**
Financial liabilities			
Other financial liabilities	**9,228**	**9,228**	**9,228**
Total financial liabilities	**9,228**	**9,228**	**9,228**

Unaudited 2016	Group Loans and receivables £'000	Group Total carrying value £'000	Group Fair value £'000
Financial assets:			
Cash at bank - restricted	4,055	4,055	4,055
Cash at bank - unrestricted	4,633	4,633	4,633
Other financial assets	3,160	3,160	3,160
Total financial assets	11,848	11,848	11,848

	Liabilities at amortised cost £'000	Total carrying value £'000	Fair value £'000
Financial liabilities			
Other financial liabilities	10,462	10,462	10,462
Total financial liabilities	10,462	10,462	10,462

16 Financial instruments (*continued*)

(b) Fair value measurement

Financial assets and liabilities carried at fair value are valued on the following bases

2017	**Group Level 1 £'000**	**Group Level 2 £'000**	**Group Level 3 £'000**	**Group Total**
Financial assets:				
Cash at bank - restricted	**6,553**	**-**	**-**	**6,553**
Cash at bank - unrestricted	**2,339**	**-**	**-**	**2,339**
Other financial assets	**-**	**2,379**	**-**	**2,379**
Indemnity assets	**-**	**90,309**	**-**	**90,309**
Total financial assets	**8,892**	**92,688**	**-**	**101,580**

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial liabilities				
Other financial liabilities	**-**	**9,228**	**-**	**9,228**
Total financial liabilities	**-**	**9,228**	**-**	**9,228**

Unaudited 2016	Group Level 1 £'000	Group Level 2 £'000	Group Level 3 £'000	Group Total
Financial assets:				
Cash at bank - restricted	4,055	-	-	4,055
Cash at bank - unrestricted	4,633	-	-	4,633
Other financial assets	-	3,160	-	3,160
Indemnity assets	-	128,156	-	128,156
Total financial assets	8,688	131,316	-	140,004

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liabilities				
Other financial liabilities	-	10,462	-	10,462
Total financial liabilities	-	10,462	-	10,462

16 Financial instruments (*continued*)

The following table sets out the fair values of financial instruments that the Group holds at 31 December 2017. It categorises these securities into the relevant level of the fair value hierarchy.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, whether directly (ie as price) or indirectly (ie derived from the implications of prices).

Level 3: Inputs for the asset or liability that are not based on observable market data, or have significant unobservable inputs.

In each case the fair value is calculated by discounting future cash flows using observable market parameters including swap rates, interest rates and currency rates.

For financial assets and liabilities which are not carried at fair value, the fair values disclosed in note 16(a) are calculated on the following bases:

Valuation methods for calculations of fair values in the table above are as follows:

Cash at bank and in hand
Fair value is estimated by using discounted cash flows applying either market rates where practicable or rates offered by other financial institutions for accounts with similar characteristics. The fair value of floating rate placements, fixed rate placements with less than six months to maturity and overnight deposits is estimated to be their carrying amount.

Other financial assets and liabilities
Fair value approximates to carrying value because the balances are short term in nature.

17 Financial risk management

A description of the principal risks to which the Group is exposed is provided on pages 3 to 4 which form an integral part of the audited Financial Statements.

(a) Credit risk

Credit risk is the potential for financial loss caused by a party failing to meet an obligation as it becomes due. In the prior period, as credit risk was the main risk to the Group until the transfer of loans on 5 May 2016, a credit risk framework has been established as part of the overall governance framework to measure, mitigate and manage credit risk within risk appetite.

The maximum credit risk exposure at the Statement of Financial Position date, before taking account of any collateral netting and other credit enhancements, was as follows:

	Group 2017 £'000	Group Unaudited 2016 £'000
Cash at bank - restricted	**6,553**	4,055
Cash at bank - unrestricted	**2,339**	4,633
Other financial assets	**2,379**	3,160
Indemnity receivable from NRAM Limited	**90,309**	128,156
Total financial assets	**101,580**	140,004

17 Financial risk management (continued)

(b) Liquidity risk

The Group closely monitor their liquidity position against the Group's liquidity policy. Minimum and target liquidity levels are established through stress testing and cash flow forecasting, taking into consideration an assessment of any emerging and potentially extreme funding conditions

The table below analyses the Group's financial liabilities into relevant maturity groupings:

Group As at 31 December 2017	On demand £'000	within three months £'000	after three months but within six months £'000	After six months but within 1 year £'000	After one year but within five years £'000	After five years £'000	Total £'000
Other financial liabilities	-	9,228	-	-	-	-	9,228
	-	9,228	-	-	-	-	9,228

Group Unaudited as at 31 December 2016	On demand £'000	within three months £'000	after three months but within six months £'000	After six months but within 1 year £'000	After one year but within five years £'000	After five years £'000	Total £'000
Other financial liabilities	-	10,462	-	-	-	-	10,462
	-	10,460	-	-	-	-	10,460

Market risk

This is the risk of financial loss from changes in market prices of financial instruments, typically from the movements in interest rates and foreign exchange rates. The Group's key management are tasked with the management of market risks throughout the Group.

Interest rate risk

Interest rate risk typically arises from mismatches between the repricing dates of interest-bearing assets and liabilities on the Group's Statement of Financial Position and from the investment profile of the Group's capital and reserves. Management of this exposure is in accordance with the Group's Risk Appetite Statement ("RAS"), as approved by the Board.

Market risk is the potential adverse change in income or net worth arising from movements in interest rates, exchange rates or other market prices. Effective identification and management of market risk is essential for maintaining stable net interest income.

The interest rate risk is managed within a framework determined by Senior Management; however, on a day to day basis, the Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

Foreign currency risk

At 31 December 2017 and 31 December 2016 the Group had no net material exposure to foreign exchange rate fluctuations or changes in foreign currency interest rates.

18 Related party disclosures

Key management personnel

The Group considers the Board of Directors and the members of the Executive Committee to be the key management personnel. There were no amounts owed to or by key management personnel at any time during the year (unaudited 2016: £nil).

A summary of the Group's share of the remuneration of the 8 (unaudited 2016: 8) key management personnel is set out in the table below. These comprise of the recharging of costs on the seconded members of the Executive Committee during the current year and prior period.

	2017	Unaudited 2016
	£'000	£'000
Short-term employee benefits	838	298
	838	298

The Company has no key management personnel. Its operations are managed by Intertrust (corporate servicer).

Fellow subsidiary

During the current year CHL recharged a total of £1.7m to the Group (Unaudited 2016: £0.8m).

At 31 December 2017 the Group owed £0.1m to CHL (Unaudited 2016: £0.1m).

Parent company

The Group undertook the following transactions in the year with respect to its current parent undertakings, CERH:

Balances at year/period end

	2017	Unaudited 2016
	£'000	£'000
Balances with CERH	-	480,869
Legal title and master servicing fees (CERH)	**212**	251
Due to CERH	-	(551,005)
	212	(69,885)
Income/(expense) during the year/period:		
Interest receivable on intercompany loan (CERH)	**24,987**	-
Consultancy and secondment fee	-	(210)
CERH legal title and master servicing fee	**2,969**	1,077
	27,956	867

18 Related party disclosures (*continued*)

Affiliates of Cerberus

Additionally, the Group had the following balances with, and income/expense arising from, transactions with affiliates of Cerberus in the year as follows:

Towd Point Mortgage Funding 2016-Granite1 plc
Towd Point Mortgage Funding 2016-Granite2 plc
Towd Point Mortgage Funding 2016-Granite3 plc
Bawag P.S.K. Bank
Feldspar 2016-1 plc

Balances at year/period end

	2017	Unaudited 2016
	£'000	£'000
Assets		
Servicer fee income receivable	**1,954**	2,522
Legal title and master servicing fees receivable	**48**	77
	2,002	2,599

Income/(expense) during the year/period:		
Servicer fee income	**8,797**	7,052
Legal title and master servicing fee	**13**	218
	8,810	7,270

Corporate Services fee

Fees of £48,145 (unaudited 2016: £52,666) were payable to Intertrust Management Limited in respect of corporate services fees which included the provision of directors to the Company and Group. These fees are paid on behalf of the Company by CERH.

19 Ultimate parent undertaking

The ultimate parent company is Cerberus European Residential Holdings B.V. whose registered office is at Oude Utrechtseweg 32, 3743 KN Baarn, The Netherlands (incorporated under the laws of The Netherlands with registered number 62579533). Cerberus European Residential Holdings B.V. is owned by certain investment funds managed and advised by Cerberus Capital Management L.P. a global investment manager headquartered in New York City, USA and registered with the United States Securities and Exchange Commission.

20 Significant judgements/estimates made by management

Significant judgements and estimates made by the Group which have a significant impact on the financial statements include the following:

Going concern

Details set out in basis of preparation note

Provisions

Disclosures in relation to the Group's provisions can be found in notes 14, with the Group held provisions in respect of the following estimated payables:

Payment protection insurance provision of £86.2m at 31 December 2017 (Unaudited 2016: £125m); and other customer redress provision of £6.3m at 31 December 2017 (Unaudited 2016: £2.6m).

Significant judgement by management is required in determining the key assumptions used to estimate the quantum of the provisions, including the level of complaint volumes (both historic and estimated future volumes), uphold rates (how many claims are, or maybe, upheld in the customers favour) and redress costs (the average payment made to customers). The provision is therefore subject to inherent uncertainties as a result of the subjective nature of the assumptions used in quantifying the overall estimated position at 31 December 2017.

Indemnity assets

Disclosures in relation to the Group's provisions can be found in notes 9. To the extent that provision in the Group is covered by warranty and indemnity, the associated indemnity is recognised, measured and valued in accordance with the requirements of IAS37.

21 Events after the reporting year

There have been no other significant events affecting the Group or Company since the year end.