Company No. 03091082

IBRC ASSET FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2017

IBRC ASSET FINANCE LIMITED

Contents

IBRC ASSET FINANCE LIMITED

Directors

F G Parker
J E Brydie

Secretary

F G Parker

Auditor

Deloitte LLP
London
United Kingdom

Bankers

Barclays Bank plc
Barclays Corporate
Level 11
1 Churchill Place
London
E14 5HP

Registered office

C/o Hold Store Limited
Unit 33A, Enterprise House
44-46 Terrace Road
Walton On Thames
Surrey
KT12 2SD

Registered number

03091082

Country of Incorporation

The United Kingdom

IBRC ASSET FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2017

The Directors present their strategic report on the Company for the year ended 30 June 2017.

1. REVIEW OF THE BUSINESS

The Company was a provider of finance for the funding of commercial real estate in the UK and mainland Europe and in recent years has concentrated on the management and collection of the loan amounts outstanding in this portfolio. Given the fact that the Company's ultimate parent company, Irish Bank Resolution Corporation Limited - in special liquidation ("IBRC") entered special liquidation on 7 February 2013, the focus of the Company moved from the management and orderly collection of the loan portfolio to the realisation of the assets through a sale of the loan portfolio. A sale of the Company's loan portfolio was agreed in February 2014 and completed in May 2014 as part of the overall sale of the IBRC group's loan assets originated in the United Kingdom. The Company has also been defending itself against litigation over the past three years which has proved successful and is nearing completion.

2. RESULTS AND PERFORMANCE

The results for the year and the statement of financial position at 30 June 2017 are given on pages 10 and 11 and show a loss after taxation for the year which amounted to £1,355,530 (2016: £497,623 profit).

3. GOING CONCERN

The Company's loans were sold in 2014 as part of the process of closing down the Company, given the fact that the ultimate parent company, IBRC, entered special liquidation on 7 February 2013.

During 2015, the Joint Special Liquidators of IBRC disclosed that, contrary to previous indications, amounts will now be paid to unsecured creditors of IBRC although the percentage payable is currently unknown. In addition, the Joint Special Liquidators have not yet admitted the Company's claims. As the Company has amounts due from IBRC and other group undertakings which were fully provided for in 2013, the directors will continue to operate the Company until this matter is resolved. We still await admission of amounts due from IBRC into its special liquidation. Once admitted and a decision has been made on the distributions to unsecured creditors of IBRC and these are appropriately dealt with and after the litigation against the Company has been fully resolved, it is the directors' intentions to dissolve the Company. On the basis of the above assessment, the Directors have prepared the annual financial statements on a basis other than that of a going concern.

4. STRATEGY AND FUTURE DEVELOPMENTS

The directors are now dealing with the remaining affairs of the Company with the intention of closing and liquidating the Company in a timely fashion as further detailed in section 3 above.

5. KEY PERFORMANCE INDICATORS ('KPI's')

Given the above strategy, the concept of conventional KPI's were not relevant for the Company in the period as the total focus was on executing the sale of the loan portfolio.

6. PRINCIPAL RISKS AND UNCERTAINTIES

The Company is subject to a variety of risks and uncertainties in the normal course of its business activities.

The principal business risks and uncertainties detailed below are those risks which the Directors believe at 30 June 2017 to be material to the Company. The precise nature of all the risks and uncertainties that the Company faces cannot be predicted and many of these risks are outside the Company's control.

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient funds available at all times to meet its contractual and contingent cash flow obligations or can only secure these resources at excessive cost. Given the sale of the loan portfolio in 2014 and the current limited activities of the Company, it is not expected that the Company will be exposed to adverse liquidity requirements.

Credit risk

Credit risk is the risk that the Company will suffer a financial loss from a counterparty's failure to pay interest, repay capital or meet a commitment, and the collateral pledged as security is insufficient to cover the payments due. The Company is only exposed to the credit risk of its bankers in respect of funds held at bank and to the credit risk of its ultimate parent undertaking and other group undertakings.

Operational risk

Operational risk is the risk of loss arising from inadequate controls and procedures, unauthorised activities, outsourcing, human error, systems failure and business continuity. Due to the limited nature of the Company's activities since the disposal of its loan portfolio, it is difficult for the Company to suffer an operational error.

The management of operational risk is monitored by the Board of Directors.

Market risk

Market risk is the risk of a potential adverse change in the Company's income or financial position arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the Statement of Financial Position. Market risk primarily arises from exposure to changes in interest rates and exchange rates.

The majority of the Company's financial assets and liabilities are not interest bearing. Hence there is no material interest rate risk exposure.

The Company's assets and liabilities are all denominated in either pounds sterling or euros. To the extent they are held in Euro, the Company will be exposed to exchange rate risk. This policy is intentional as the ultimate shareholder is a Euro based company.

Litigation risk

The Company's business is subject to the risk of litigation by customers, shareholders or other third parties through private actions, class actions, administrative proceedings, criminal proceedings or other litigation or actions. The outcome of any such litigation, proceedings or actions is difficult to assess or quantify. The cost of defending such litigation, proceedings or actions may be significant. As a result, such litigation, proceedings or actions may adversely affect the Company's business, financial condition, results, operations or reputation.

Other risks

The Company must at all times comply with all relevant laws and good practice guidelines. Non compliance can give rise to reputational loss, legal or regulatory sanctions or material financial loss.

7. FINANCIAL INSTRUMENTS

The Company's use of financial instruments has reduced significantly due to the termination of various capital market instruments in the prior years. With the exception of the €100,000 A Preference Shares, the Company now only holds funds in bank accounts in sterling and euro. As the ultimate shareholder of the Company is a euro based entity, the euros held by the Company are not hedged against foreign exchange movements between the euro and pounds sterling as such action may have an adverse impact on the ultimate shareholder.

By Order of the Board

F G Parker
Company Secretary

Date: 23 March 2018

IBRC ASSET FINANCE LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of IBRC Asset Finance Limited ('the Company') together with the financial statements and audit report for the year ended 30 June 2017.

1. PARENT COMPANY AND ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of CDB (U.K.) Limited, a company incorporated in the United Kingdom, which in turn is a wholly owned subsidiary of Irish Bank Resolution Corporation Limited (in Special Liquidation) ('IBRC'), incorporated in the Republic of Ireland, the ultimate parent undertaking. The registered address of CDB (U.K.) Limited is c/o Hold Store Limited, Unit 33A, Enterprise House, 44-46 Terrace Road, Walton on Thames, Surrey, KT12 2SD.

On 7 February 2013, the Irish Minister for Finance, made an Order pursuant to Section 4 of the Irish Bank Resolution Corporation Act, 2013 (the "Act") providing for the winding-up of the ultimate parent undertaking, IBRC, under the provisions of the Act. Pursuant to the same Order, Mr. Kieran Wallace and Mr. Eamonn Richardson (the "Joint Special Liquidators") of KPMG, 1 Stokes Place, St. Stephen's Green, Dublin 2 were appointed joint special liquidators of IBRC with all of the duties and powers conferred upon them by the Act.

2. DIVIDEND

The Directors do not propose the payment of a dividend in respect of the year ended 30 June 2017 (2016: £nil).

3. DIRECTORS AND SECRETARY

F G Parker and J E Brydie continued to serve as directors throughout the year. F G Parker served as secretary throughout the year and the directors and secretary had no interests in the shares of the Company during the year.

4. AUDITOR

Each of the persons who is a director at the date of approval of the report confirms that:

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:

F G Parker
Company Secretary

Date: 23 March 2018

REGISTERED OFFICE:

C/o Hold Store Limited
Unit 33A Enterprise House
44-46 Terrace Road
Walton On Thames
Surrey
KT12 2SD

IBRC ASSET FINANCE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

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

- properly select and apply accounting policies;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements of IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC ASSET FINANCE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of IBRC Asset Finance Limited (the 'company') which comprise:

- the statement of comprehensive income / (loss);
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 1.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC ASSET FINANCE LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report , other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC ASSET FINANCE LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Caroline Britton

Caroline Britton (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 23 March 2018

IBRC ASSET FINANCE LIMITED
Statement of comprehensive income / (loss)

For the year ended 30 June 2017	Notes	Year ended 30 Jun 2017	Year ended 30 Jun 2016
Discontinued operations:		**£**	£
Interest income	3	168,308	201,117
Interest and similar expense	4	(2,374)	(2,496)
Net interest income		165,934	198,621
Fee and commission expense		(158)	(372)
Foreign exchange gains	5	368,905	832,454
Other income		368,747	832,082
Total operating income		534,681	1,030,703
Administrative expenses	6	(1,894,235)	(540,032)
Operating (loss) / profit		(1,359,554)	490,671
Impairment reversal	9	4,024	6,952
(Loss) / profit before taxation		(1,355,530)	497,623
Taxation	10	-	-
(Loss) / profit for the year		(1,355,530)	497,623
Other comprehensive income for the year		-	-
Total comprehensive income and (loss) / profit for the year attributable to the equity holders of the Company		(1,355,530)	497,623

The notes on pages 14 - 24 form part of these financial statements.

IBRC ASSET FINANCE LIMITED

Statement of financial position

As at 30 June 2017

	Notes	30 Jun 2017 £	30 Jun 2016 £
Current assets			
Cash and cash equivalents		9,071,640	6,823,632
Loans and advances to banks	11	20,049,134	23,622,902
Other assets	13	25,031	23,526
Current assets		29,145,805	30,470,060
Current Liabilities			
Accruals		81,616	55,631
Subordinated liabilities and other capital instruments	14	88,126	82,836
Current liabilities		169,742	138,467
Share capital	15	1,000,000	1,000,000
Retained earnings		27,976,063	29,331,593
Shareholders' funds		28,976,063	30,331,593
Total equity and liabilities		29,145,805	30,470,060

The notes on pages 14 - 24 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2018.
They were signed on its behalf by:

J E Brydie
Director
Date: 23 March 2018

F G Parker
Director

Company number: 3091082

IBRC ASSET FINANCE LIMITED

Statement of changes in equity

For the year ended 30 June 2017

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 July 2015		1,000,000	28,833,970	29,833,970
Total comprehensive income and profit for the year		-	497,623	497,623
Balance at 30 June 2016	15	1,000,000	29,331,593	30,331,593
Total comprehensive income and loss for the year		-	(1,355,530)	(1,355,530)
Balance at 30 June 2017	15	1,000,000	27,976,063	28,976,063

The notes on pages 14 - 24 form part of these financial statements.

IBRC ASSET FINANCE LIMITED

Statement of cash flows

For the year ended 30 June 2017

	Notes	Year ended 30 Jun 2017 £	Year ended 30 Jun 2016 £
Cash flows from operating activities			
(Loss) / profit before taxation		(1,355,530)	497,623
Other non-cash items	17	28,359	(38,752)
		(1,327,171)	458,871
Changes in operating assets and liabilities			
Decrease / (increase) in loans and advances to banks		3,573,768	(23,622,902)
Net increase in other assets		(1,505)	(2,973)
Net decrease in other liabilities		-	(199,999)
Net cash flows generated / (utilised in) from operating activities before taxation		2,245,092	(23,367,003)
Tax recovered		-	-
Net cash flows generated from / (utilised in) operating activities		2,245,092	(23,367,003)
Cash flows from financing activities			
Dividend paid on preference shares		(2,367)	(2,496)
Net cash flows used in financing activities		(2,367)	(2,496)
Net increase / (decrease) in cash and cash equivalents		2,242,725	(23,369,499)
Opening cash and cash equivalents		6,823,632	30,181,621
Foreign exchange gains		5,283	11,510
Closing cash and cash equivalents	17	9,071,640	6,823,632

The notes on pages 14 - 24 form part of these financial statements.

Notes to the financial statements

1 General information and accounting policies

1.1 General information

The Company is a private limited company registered in England and Wales and incorporated in the United Kingdom.

1.2 Basis of preparation

The financial statements have been presented in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and applied in accordance with the Companies Act 2006, as applicable at 30 June 2017.

The financial statements have been prepared under the historical cost convention. They are presented in Sterling.

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underline the preparation of the financial statements. UK Company Law and IFRS require the Directors, in preparing the Company's financial statements, to select multiple accounting policies, apply them consistently and make judgement and estimates that are reasonable and prudent. A description of the accounting estimates and judgements is set out in note 1.16.

1.3 Going Concern

The Company's loans were sold in 2014 as part of the process of closing down the Company, given the fact that the ultimate parent company, IBRC, entered special liquidation on 7 February 2013.

During 2015, the Joint Special Liquidators of IBRC disclosed that, contrary to previous indications, amounts will now be paid to unsecured creditors of IBRC although the percentage payable is currently unknown. In addition, the Joint Special Liquidators have not yet admitted the Company's claims. As the Company has amounts due from IBRC and other group undertakings which were fully provided for in 2013, the directors will continue to operate the Company until this matter is resolved. We still await admission of amounts due from IBRC into its special liquidation. Once admitted and a decision has been made on the distributions to unsecured creditors of IBRC and these are appropriately dealt with and after the litigation against the Company has been fully resolved, it is the directors' intentions to dissolve the Company. On the basis of the above assessment, the Directors have prepared the annual financial statements on a basis other than that of a going concern.

1.4 Adoption of new accounting standards

A number of amendments and interpretation to IFRS have been published that first apply from 1 July 2016. These have not resulted in any material changes to the Company's accounting policies.

1.5 Interest income and expense recognition

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The calculation includes all fees, transaction costs and other premiums and discounts that are an integral part of the effective interest rate on the transaction.

Once an impairment loss has been recognised on an individual asset, interest income is recognised on the unimpaired portion of that asset using the rate of interest at which its estimated future cash flows were discounted in measuring the impairment.

1.6 Fee and commission income

Fees and commissions which are not an integral part of the effective interest rate are generally recognised on an accruals basis over the period that the service has been provided.

Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan once drawn.

Commitment fees in relation to facilities where drawdown is not probable are recognised over the term of the commitment.

1 General information and accounting policies continued

1.7 Financial assets - loans and receivables

The Company has only one category of financial assets, namely loans and receivables. The Directors determine the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available-for-sale. They arise when the Company provides money to a counterparty with no intention of trading the receivable. Loans and receivables are initially recognised at fair value, including direct and incremental costs, and are subsequently carried on an amortised cost basis.

1.8 Impairment of financial assets

Provision is made for impairment of financial assets to reflect the losses inherent in those assets at the end of the reporting period.

The Company assesses at each financial reporting period whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or 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 loss events that occurred after the initial recognition of the asset ('a loss event') and that loss event (or events) has had an impact such that the estimated present value of future cash flows is less than the current carrying value of the financial asset, or portfolio of financial assets, and can be reliably measured.

For loans and receivables, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The amount of the loss is recognised using an allowance account and is included in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income as a reduction to the heading "Provision for impairment", to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

When a loan is deemed to be uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for impairment in the statement of comprehensive income.

1.9 Financial liabilities

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at either amortised cost or fair value through profit or loss. All liabilities, other than those designated at fair value through profit or loss, are subsequently carried at amortised cost. For financial liabilities measured at amortised cost, any difference between initial fair value and the redemption value is recognised in the statement of comprehensive income using the effective interest rate method.

A liability may be designated at fair value through profit or loss when:

a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases; or

b) a group of financial assets, financial liabilities, or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

c) a financial instrument contains one or more embedded derivatives that significantly modify the cash flows arising from the instrument and would otherwise need to be accounted for separately.

The classification of an instrument as a financial liability or an equity instrument is dependent upon the substance of the contractual arrangement. Instruments which carry a contractual obligation to deliver cash or another financial asset to another entity are classified as financial liabilities. Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with financial liabilities designated at fair value through profit or loss are included directly in the statement of comprehensive income within foreign exchange gains/losses.

Preference shares are classified as financial liabilities if coupon payments are not discretionary. Distributions on these instruments are recognised in the statement of comprehensive income as interest expense using the effective interest rate method.

1 General information and accounting policies continued

1.10 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because the guaranteed party fails to meet a contractual obligation or to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, and other lending facilities and to other parties in connection with the performance of customers under obligations related to contracts, advance payments made by other parties, tenders, retentions and the payment of import duties and taxes.

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the statement of comprehensive income, the fee income earned over the period, and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantees at the end of the reporting period.

1.11 Foreign currency translation

Functional and presentational currency

The financial statements are presented in Sterling, which is the Company's functional and presentational currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are recognised in the statement of comprehensive income. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1.12 Provisions and contingent liabilities

Provisions are recognised for present legal or constructive obligations arising from past events where it is probable that a transfer of economic benefits will be necessary to settle the obligation, and it can be reliably estimated.

Contingent liabilities are possible obligations whose existence depend on the outcome of uncertain future events or those present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

1.13 Taxation (current and deferred)

Current tax is the expected tax payable (shown as a liability) or the expected tax receivable (shown as an asset) on the taxable income for the period adjusted for changes to previous years and is calculated based on the applicable tax law in the United Kingdom. Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities for taxation purposes and their carrying amounts in the financial statements. Current and deferred taxes are determined using tax rates based on legislation enacted or substantively enacted at the financial reporting date and expected to apply when the related tax asset is realised or the related tax liability is settled.

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

Current and deferred taxes are recognised in the statement of comprehensive income in the period in which the profits or losses arise except to the extent that they relate to items recognised directly in equity, in which case taxes are also recognised in equity.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1 ***General information and accounting policies*** *continued*

1.14 Segmental reporting

The Company's single business activity has become the orderly resolution of the Company, maximising the recovery of its loan portfolio. As a result, performance is assessed on a total company basis as a single continuous business activity. Statutory financial information is therefore presented as one operating segment and actions taken to achieve this strategic objective, including the sale or transfer of assets and liabilities, are regarded as arising from a single continuing activity.

Geographical segments are distinguishable parts of the Company that provide products or services within a particular economic environment that is subject to risks and rewards that are different to those operating in other economic environments.

1.15 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits held in external banks. Cash equivalents are highly liquid investments convertible into cash with an insignificant risk of changes in value and with original maturities of less than six months.

1.16 Accounting estimates and judgement

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the end of each reporting date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes may differ from those estimates.

Given the disposal of the loan portfolio in this financial period, the particular accounting policies adopted by the Company are not subject to estimates and judgements which would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than as described in these financial statements.

1.17 Standards issued but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers (and the related Clarifications)
- IFRS 16 - Leases

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

2 Segmental reporting

As set out in Note 1.14, performance is assessed on a total company basis as a single continuing business activity. Statutory financial information is therefore presented as one operating segment and actions taken to achieve the Company's strategic objective of orderly resolution, including the sale or transfer of assets and liabilities, are regarded as arising from a single continuing activity.

All revenue from external customers and management of assets are derived from business carried out in the United Kingdom. Therefore no geographic analysis is provided.

3 **Interest income**	**Year ended 30 Jun 2017 £**	Year ended 30 Jun 2016 £
Interest on deposits with banks	168,308	201,117
	168,308	201,117

4 **Interest and similar expense**	**Year ended 30 Jun 2017 £**	Year ended 30 Jun 2016 £
Dividends on preference shares	2,374	2,496

Dividends paid on the €100,000 A Preference Shares ("Preference Shares") are payable provided the Company has distributable reserves available. Consequently, such dividends are treated as interest expense as the Preference Shares are classified as financial liabilities.

5 **Foreign exchange gains**	**Year ended 30 Jun 2017 £**	Year ended 30 Jun 2016 £
Foreign exchange gains	368,905	832,454

The foreign exchange gain in the current and prior year resulted from the difference in translation of the non-sterling assets and liabilities to sterling at the closing rate compared to the opening rate of exchange.

Notes to the financial statements continued

6 **Administrative expenses**	**Year ended 30 Jun 2017 £**	Year ended 30 Jun 2016 £
Other administrative costs	1,894,235	540,032

The Company does not employ any employees other than the directors (2016: nil).

7 **Directors' remuneration**	**Year ended 30 Jun 2017 £**	Year ended 30 Jun 2016 £
Emoluments	11,000	11,000

8 **Auditor's remuneration**

The audit fee in respect of the Company was £5,000 (2016: £5,000).

9 **Impairment reversal**	**Year ended 30 Jun 2017 £**	Year ended 30 Jun 2016 £
Loans classified as held for sale		
Specific impairment reversal	4,024	6,952
Other provisions (note 13)		
Impairment loss against amounts due from ultimate parent or other group entities due to special liquidation of ultimate parent	-	-
Total impairment reversal	4,024	6,952

	Year ended 30 Jun 2017	Year ended 30 Jun 2016
10 Taxation	**£**	£
Corporation tax		
- current year	-	-
- prior year	-	-
	-	-
Effective tax rate	0%	0%

The reconciliation of tax on (loss) / profit on ordinary activities at the standard corporation tax rate to the Company's actual total tax charge / (credit) is analysed as follows:

(Loss) / profit before taxation	(1,355,530)	497,623
(Loss) / profit on ordinary activities before taxation at 19.75% (2016: 20.00%)	(267,717)	99,525
Effects of:		
Non deductible expenses	-	75
Other timing differences	68,928	307,295
Utilisation of tax losses not previously recognised	-	(366,671)
Group relief	-	(40,224)
Deferred tax asset not recognised	198,789	-
Total taxation	-	-

The UK has passed legislation to reduce the UK tax rate from 19% to 17% from 1 April 2020. The Company has not recognised a deferred tax asset as stated in note 12. Therefore, there is no impact on the Statement of Comprehensive Income.

11 Loans and advances to banks	**30 Jun 2017**	30 Jun 2016
	£	£
Placements with banks with an original maturity date over 6 months	20,049,134	23,622,902

The external ratings profile of loans and advances to banks is as follows:	**30 Jun 2017**	30 Jun 2016
	£	£
A1 / A (2016: A2 / A-)	20,049,134	23,622,902

Notes to the financial statements continued

12 Deferred taxation

At 30 June 2017, a deferred tax asset of £37,930,893 (2016: £39,918,127) has not been recognised by the Company in respect of unused tax losses carried forward and other timing differences on the grounds that the timing of future taxable profit is uncertain.

The UK has passed legislation to reduce the UK tax rate from 19% to 17% from 1 April 2020. The amount of the unrecgonised deferred tax asset has been calculated based on a 17% corporation tax rate (2016: 18%), as it is not expected that any of the deferred tax asset will reverse in the forseeable future.

13 Other assets

	30 Jun 2017	30 Jun 2016
The following amounts are shown net of any provisions for irrecoverability:	**£**	£
Amounts owed by ultimate parent undertaking (net of provision for impairment)	-	-
Amounts owed by group undertakings	25,031	23,526
	25,031	23,526

The facilities owed by the ultimate parent undertaking, IBRC has no fixed terms of repayment. During the period, no interest was charged (2016: £nil) by the Company. Full provision was made against the amounts due from IBRC as at 7 February 2013, the date of IBRC entering special liquidation, of £544,130,267 under the heading impairment reversal / (loss). The movement between 2016 and 2017 from £583,689,491 to £601,875,031 is solely due to equal and opposite movements in foreign exchange rates for both the balance outstanding and the related impairment provision.

Consequently, the following provisions were held against the gross balance outstanding, which has been netted off the amounts shown above as other assets:

	30 Jun 2017	30 Jun 2016
	£	£
Provision held against amounts owed by ultimate parent undertaking	601,875,031	583,689,491
Provision against amounts owed by group undertaking:		
IBRC Treasury Financing Limited	8,215,509	8,215,509
IBRC Finance Limited	61,782	61,782
IBRC Commercial Properties Limited	63,844	63,844
Argyle Investment Finance Limited	6,076	6,076
IBRC Capital GP Limited	32,867,669	32,867,669
IBRC German Retail Limited	11,083,531	10,417,633
	52,298,411	51,632,513
	654,173,442	635,322,004

In 2017, full provision was held against all amounts outstanding with the exception of IBRC German Retail Limited where £25,031 (2016: £23,526) is considered collectible. The movement in provisions is solely due to movements in the foreign exchange rates on the underlying impairment balances with an equal and opposite movement in the gross balance outstanding.

Given the fact that the joint special liquidators of IBRC disclosed during 2015 that amounts will now be payable to unsecured creditors of IBRC, it is likely that part or all of the provisions made in 2013 and 2015 will be reversed in subsequent periods depending on the level of payment made to unsecured creditors by IBRC. These amounts have not been admitted into the liquidation by the joint special liquidators and no details have yet been made available as to the likely level of payment for this unsecured creditor of IBRC. Therefore, the directors have not recognised any reversal of the above provisions in respect of IBRC or other group undertakings until such information is available with certainty.

Notes to the financial statements continued

14 Subordinated liabilities and other capital instruments

	30 Jun 2017	30 Jun 2016
	£	£
Undated Loan Capital		
€100,000 A Preference Shares	88,126	82,836

The Company recommenced payment of dividends in 2014 on the Preference Shares as the Company has had positive retained earnings since 28 May 2014.

15 Share capital

	30 Jun 2017	30 Jun 2016
	£	£
Ordinary share capital		
Ordinary Shares of £1 each		
Authorised: 1,000,000 Ordinary Shares of £1 each (2016: 1,000,000)	1,000,000	1,000,000
Allotted, called up and fully paid	1,000,000	1,000,000

16 Memorandum items

	30 Jun 2017	30 Jun 2016
	£	£
Contingent liabilities		
Guarantees and irrevocable letters of credit	1,455,779	1,455,779
Performance bonds, VAT guarantees and other transaction related contingencies	34,809	34,809
	1,490,588	1,490,588

17 Statement of cash flows

	Year ended	Year ended
	30 Jun 2017	30 Jun 2016
Other non-cash items	£	£
Net increase / (decrease) in accruals	25,985	(41,248)
Interest expense	2,374	2,496
	28,359	(38,752)
Cash and cash equivalents		
Cash and cash equivalents (with a maturity of less than six months)	9,071,640	6,823,632

18 Risk management and control

The Company is subject to a variety of risks and uncertainties in the normal course of its business activities. The principal risks and uncertainties facing the Company relate to the credit risk of its bankers in respect of funds held at bank and amounts due from the ultimate parent undertaking and other group undertakings. The other risks facing the Company include litigation risks.

Credit risk

Credit risk is the risk that the Company will suffer financial loss from a counterparty failure to pay interest, repay capital or meet a commitment. The Company is exposed to the credit risk of its bankers in respect of funds held at bank and to its ultimate parent undertaking, IBRC, and other group undertakings.

18 Risk management and control - *continued*

Market risk

Market risk is the risk of a potential adverse change in the Company's income or financial position arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the Statement of Financial Position. Market risk primarily arises from exposure to changes in interest rates and exchange rates.

The majority of the Company's financial assets and liabilities are not interest bearing. Hence there is no material interest rate risk exposure.

The Company's assets and liabilities are all denominated in either pounds sterling or euros. To the extent they are held in Euro, the Company will be exposed to exchange rate risk. This policy is intentional as the ultimate shareholder is a Euro based company.

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources available at all times to meet its contractual and contingent cash flow obligations or can only secure these resources at excessive cost.

Given the limited nature of the Company's activities, it is not expected that the Company will be exposed to adverse liquidity requirements.

Operational risk

Operational risk is the risk of loss arising from inadequate controls and procedures, unauthorised activities, outsourcing, human error, systems failure and business continuity. Due to the limited nature of the Company's activities since the disposal of its loan portfolio, it is difficult for the Company to suffer an operational error.

The management of operational risk is monitored by the Board of Directors.

Compliance Risk

The directors are responsible for ensuring that the Company is compliant with all relevant laws and best practice guidelines. Non compliance can give rise to reputational loss, legal or regulatory sanctions or material financial loss.

The Directors monitor the activities of the Company and take appropriate advice to ensure that the Company continues to be compliant with all of its obligations.

Litigation risk

The Company's business is subject to the risk of litigation by customers, shareholders or other third parties through private actions, class actions, administrative proceedings, criminal proceedings or other litigation or actions. The outcome of any such litigation, proceedings or actions is difficult to assess or quantify. The cost of defending such litigation, proceedings or actions may be significant. As a result, such litigation, proceedings or actions may adversely affect the Company's business, financial condition, results, operations or reputation.

Capital management

The objectives of the Company's capital management policy are to efficiently manage the capital base to optimise the return of the Company.

The responsibility for capital adequacy rests with the directors. The directors manage the capital structure and make adjustments to it in light of changes in economic conditions or changes in the risk profile of assets.

Given the limited activity of the Company, no capital position is provided.

19 Parent Company and Ultimate Parent Company

The Company is a wholly owned subsidiary of CDB (U.K.) Limited, a company incorporated in the United Kingdom and registered in England and Wales, which in turn is a wholly owned subsidiary of Irish Bank Resolution Corporation Limited - in special liquidation, incorporated in the Republic of Ireland, the ultimate parent undertaking. The Company's financial statements will be consolidated only in the group financial statements of the parent company and a copy of these financial statements will be available from CDB (U.K.) Limited, c/o Hold Store Limited, Unit 33A, Enterprise House, 44-46 Terrace Road, Walton on Thames, Surrey, KT12 2SD.

20 Related party transactions

The Company has provided loans to IBRC with balances due before provision for impairment in respect of irrecoverability at 30 June 2017 of £601,875,031 (2016: £583,689,491). No interest is receivable on these loans.

The Company also provided loans to other IBRC Group entities. The balance on these loans before provisions for impairment at 30 June 2017 totalled £52,323,442 (2016: £51,656,041). The Company did not receive interest on these loans in 2017 (2016: £Nil). The following is an analysis by group undertaking before provision for impairment:

Name of group undertaking	**30 Jun 2017** £	30 Jun 2016 £
IBRC German Retail Limited	11,108,561	10,441,161
IBRC Capital GP Limited	32,867,669	32,867,669
IBRC Commercial Properties Limited	63,844	63,844
IBRC Treasury Financing Limited	8,215,509	8,215,509
IBRC Finance Limited	61,782	61,782
Argyle Investment Finance Limited	6,076	6,076
	52,323,441	51,656,041

Various provisions were made against amounts due from IBRC or from IBRC group entities, details of which are set out in Note 13.

Shark Investments (Scotland) Limited received fees of £nil (2016: £9,000) in respect of consultancy services. Spencerfield Capital Limited received fees of £91,316 (2016:£nil) in respect of consultancy services. Mr J Brydie is a director of Shark Investments (Scotland) Limited and Spencerfield Capital Limited.

Hold Store Limited received £nil (2016: £1,170) in respect of expenses incurred by it on behalf of the Company. Mr F G Parker is a director of Hold Store Limited.

21 Events after the balance sheet date

Since 30 June 2017, there have been no events that require disclosure in or adjustment to the Financial Statements.