

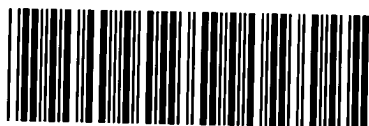
Annual Report and Financial Statements

CGF No. 9 Limited

For the year ended 30 September 2017

Company number: SC109935

THURSDAY



S6LPZRPV

SCT

21/12/2017

#459

COMPANIES HOUSE

CGF No. 9 Limited

Annual Report and Financial Statements

For the year ended 30 September 2017

Contents

Directors and Professional Advisers	1
Strategic Report	2
Directors' Report	5
Independent Auditor's Report to the Members of CGF No. 9 Limited	8
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Shareholders' Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

CGF No. 9 Limited

Directors and Professional Advisers

For the year ended 30 September 2017

Directors	Douglas Brown Iain Corbett (Resigned 20 July 2017) Judith Belmore (Resigned 30 June 2017) Michael Hart (Appointed 20 July 2017 and resigned 7 September 2017) Gavin Halliday (Appointed 29 August 2017) Anthony Thompson (Appointed 7 September 2017)
Secretary	Graeme Duncan
Registered office	30 St Vincent Place Glasgow G1 2HL
Independent auditors	Ernst & Young LLP 1 Bridgewater Place Leeds LS11 5QR
Bankers	Clydesdale Bank PLC

CGF No. 9 Limited

Strategic Report

The Directors of CGF No. 9 Limited ("the Company") present their Strategic Report for the year ended 30 September 2017.

The Strategic Report is a statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to be fair and balanced, and to provide information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006 (which sets out the Directors' duty to promote the success of the Company.)

Business structure

The Company is incorporated in the UK and registered in Scotland, and is authorised and regulated by the Financial Conduct Authority ("FCA").

The Company is a wholly owned subsidiary of Clydesdale Bank Asset Finance Limited ("CBAF") (the immediate parent entity), a company incorporated in the UK and registered in Scotland, which is a subsidiary of Clydesdale Bank PLC ("CB PLC"), a company incorporated in the UK and registered in England and Wales. The ultimate controlling entity is CYBG PLC. CYBG PLC and its subsidiary undertakings comprise the CYBG Group ("Group"), the largest group in which the results of the Company are consolidated. The smallest group in which the results of Company are consolidated is that headed by CB PLC. Further detail of the group structure is disclosed in note 1.

Principal activities

The Company provides instalment leasing facilities to industry, commerce and private individuals, offering customers a moveable asset, with a rental rather than a repayment. There has been no significant change to business operations during the year and no significant change in business operations is expected.

The Company is regulated by the FCA under the FCA's regulation of consumer credit act permissions. The Company's overall strategic objective is aligned to the Group, who aims to be a strong, customer-centric bank that proactively responds to changes in its customers' needs and builds long-standing customer relationships.

The Group strategy continues to ensure that the Company's lease receivables are appropriately managed with new business within the Company being written primarily to existing customers. Consequently, the level of risk inherent within the Company with regard to leasing activity is kept to a minimum and managed through the Group.

Financial analysis

The Statement of Comprehensive Income for the year is set out on page 10. The Company made a profit after tax of £51,000 in the current year, compared to a loss after tax of £324,000 in the year ended 30 September 2016.

Lease income has increased by £92,000 (21%) in the year to £529,000, reflecting the change in profile of the Company's leasing book. Other operating income increased by £4,000 (16%) to £29,000 driven primarily by an increase in documentation fees.

The Company's Balance Sheet for the year is set out on page 11. The Company's total assets and liabilities increased by £9,779,000 (78.5%) and £9,728,000 (57.6%) respectively as at 30 September 2017 when compared to total assets and liabilities at 30 September 2016. The increase in total assets is mainly driven by a £9,160,000 increase in finance lease receivables following the writing of a number of new deals during the year. The increase in total liabilities was driven primarily by a £9,731,000 increase in amounts due to related entities; which is mainly attributable to an increase in the overdraft with CB PLC.

CGF No. 9 Limited

Strategic Report (continued)

Key performance indicators

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in order to achieve its strategic objectives at a group level.

The Directors have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model and future performance, solvency or liquidity. The following Group risks, and mitigating actions, are also applicable to the Company:

Principal risks	Key mitigating actions
Credit Risk is the risk of loss of principal or interest stemming from a borrower's failure to meet contracted obligations to the Group in accordance with the terms agreed. Credit risk is evident at both a portfolio and transactional level.	<ul style="list-style-type: none"> Significant credit risk strategies, credit risk appetite and tolerances for credit risk are approved and reviewed by the Board and Board's Risk Committee. The credit portfolio is closely monitored with actions initiated where required.
Balance Sheet & Prudential Regulation Risks cover a number of categories of risk, which affect the manner in which the Group can support its customers in a safe and sound manner. The risks include the need to withstand times of stress for the loss of funding (liquidity), the impact of restricted access to future sources of deposits (funding), the impact of providing a defined benefit scheme to colleagues (pension) and the need to withstand severe unexpected losses (capital).	<ul style="list-style-type: none"> Liquidity is managed in accordance with standards that are approved by the Board and supported by annual Funding and Contingency Funding Plans. The Group also completes a formal annual assessment of liquidity adequacy which is shared with the PRA. The Group completes a formal annual assessment of its capital requirements which is shared with the PRA.
Regulatory and Compliance Risk is the risk of failing to understand and comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives.	<ul style="list-style-type: none"> Continued and significant Board and senior management focus is directed towards maintaining regulatory compliance. The Board or Executive Risk Committee approves all material changes to regulatory policy and protocols.
Conduct Risk is the risk of undertaking business in a way which is contrary to the interests of our customers, resulting in the delivery of inappropriate customer outcomes, customer detriment, regulatory censure, redress costs and/or reputational damage.	<ul style="list-style-type: none"> The Group has a Conduct Framework, with supporting target outcomes and operating principles. Governance oversight and reporting are in place to ensure those objectives are met.
Operational Risk is the risk of loss resulting from inadequate or failed internal processes and systems or from external events. It includes legal risk, and operational risks associated with the execution of the strategy.	<ul style="list-style-type: none"> The Group has an established Operational Risk Framework to enable identification, management and mitigation of operational risks. Risk categories are used to categorise and facilitate the consistent identification, assessment, mitigation, monitoring and reporting of risks and events.
Financial Crime Risk is the risk that the Group's products and services will be used to facilitate financial crime against the Group, its customers or third parties.	<ul style="list-style-type: none"> The Group has an established Financial Crime Framework supporting ongoing management, monitoring and mitigation of financial crime risk. The Group operates zero tolerance for internal fraud and has a control framework in place to mitigate this risk.
Strategic, Business and Financial Performance Risk is the risk of significant loss, loss of earnings and / or damage arising from business decisions that impact the long term interests of stakeholders or from an inability to adapt to external developments.	<ul style="list-style-type: none"> The Board approves and oversees the execution of the Strategic Plan and associated strategic risk following the recommendations of the CEO and Executive Leadership Team. The Group's risk appetite statement (RAS) sets out the risk it is able and willing to take to achieve its strategic objectives.
People Risk is the risk of not having sufficiently skilled and motivated colleagues who are clear on their responsibilities and accountabilities and who behave in an ethical way.	<ul style="list-style-type: none"> Roles, responsibilities and performance expectations are defined in role profiles and expanded through objective setting and ongoing performance management. The quality and continuity of our leadership is reviewed and assessed through succession planning and talent management activity.

CGF No. 9 Limited

Strategic Report (continued)

Emerging risks

The Group monitors the environment in which it operates to identify emerging risks that may have an impact on its operations and strategy. The top emerging risks considered by the Group which are also considered applicable to the Company are:

Emerging risks	Key mitigating actions
Macroeconomic environment	With a customer base that remains predominantly UK based, the Group is exposed to inherent risks arising from increased geopolitical uncertainty, which has the potential to impact the UK macroeconomic outlook. The banking sector may be placed under increasing pressure as is it exposed to risks relative to credit conditions which may impact the financial performance of the Group. The Group's credit portfolios will continue to be monitored closely with appetite adjusted where appropriate and risk sensitivity analysis conducted on an ongoing basis. Regular assessments of strategic plans are undertaken to minimise and negate potential impacts.
The UK vote to leave the EU ("Brexit")	The Group continues to monitor developments regarding the UK's withdrawal from the European Union and the potential consequences for our customers, products and operating model. As the period of economic uncertainty and market volatility persists, the Group will continue to monitor and assess the external implications and re-evaluate our mitigating actions as appropriate.
Consumer Credit	In the current benign credit environment, the Group maintains an awareness of the risk of significant unforeseen credit losses occurring within a short time period which has the potential to have a detrimental impact on earnings and profitability. Credit risk strategies, appetite and tolerance levels are reviewed and approved by the Board and regular monitoring of the credit portfolio, including risk sensitivity analysis and reviews of asset quality metrics is undertaken to ensure early identification and mitigation of potential risk areas. Unsecured consumer lending is an area of considerable regulatory focus and one where the Group is particularly alert to the potential regulatory, economic and customer impacts.
Cybercrime and IT	The Group, in line with the industry, is at growing risk of cyber-attack, with criminal groups employing increasingly sophisticated knowledge of financial markets in their activities, leading to potential reputational and financial detriment. The Group continues to invest and enhance in its information security capabilities, monitoring the external threat landscape and the changing risk profile of the business.
Financial Crime	The Group is exposed to the risk of its products and services being used to facilitate crime against its customers, third parties or the Group itself. The management of Financial Crime remains a key area of regulatory focus and the Group continues to enhance its framework for monitoring, management and mitigation of financial crime.
Regulatory Change	The financial services industry continues to face a wide range of incoming regulatory changes which will impact the Group. The implementation and compliance with the developing regulatory regime remains a key focus and the Group continues to monitor the forthcoming requirements and invest in its people and infrastructure with the aim that the standards are met and maintained.

Outlook

Over the next twelve months the Company will continue to support CYBG PLC, the Company's ultimate parent, in delivering its targets and executing its strategy. The Strategic Report was approved by the Board of Directors on 28 November 2017 and was signed on its behalf by:



Director
28 November 2017

Douglas Brown

CGF No. 9 Limited

Directors' Report

The Directors present their audited Annual Report and Financial Statements for CGF No. 9 Limited ("the Company") for the year ended 30 September 2017.

Corporate governance

Details of the corporate governance framework applying to the Company are set out in the Corporate Governance Report within the CYBG PLC Annual Report and Accounts.

Profits and appropriations

The profit attributable to the shareholder for the year ended 30 September 2017 amounted to £51,000 (2016: £324,000 loss). No dividend was paid during the year (2016: £Nil). The Directors do not propose a final dividend in respect of this financial year (2016: £Nil).

Future developments and financial risk management objectives and policies

Information regarding future developments and financial risk management policies of the Company, in relation to the use of financial instruments that would otherwise be required to be disclosed on the Directors' Report, has been included in the Strategic Report and is discussed in further detail in note 15.

Directors and Directors' interests

The current Directors are shown on page 1. Under the terms of the Articles of Association of the Company, no Directors are required to retire by rotation.

Appointments

Michael Hart was appointed as a Director of the Company on 20 July 2017.

Gavin Halliday was appointed as a Director of the Company on 29 August 2017.

Anthony Thompson was appointed as a Director of the Company on 7 September 2017.

Resignations

Iain Corbett resigned as a Director of the Company on 20 July 2017.

Judith Belmore resigned as a Director of the Company on 30 June 2017.

Michael Hart resigned as a Director of the Company on 7 September 2017.

Directors' interests

No Director had any interest in the shares of the Company at any time during the year.

Directors' liabilities

During the year, CYBG PLC paid a premium for a contract insuring the Directors and Officers of CYBG PLC, its subsidiaries and controlled entities against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the Group itself to the extent that it is obligated to indemnify Directors and Officers for such liability.

Directors' remuneration

The Directors of the Company are remunerated as employees of CB PLC and do not receive incremental remuneration in respect of their duties as Directors of the Company. Due to the activity of the Company, the Directors believe it would be appropriate to reasonable apportion part of their remuneration as being in respect of their duties to the Company. The aggregate emoluments of the Directors of the Company were £12,000 (2016: £12,000), these are recharged to the Company by CB PLC.

Employees

The Company does not have any employees. All staff are provided by the CYBG group and its subsidiary undertakings.

Political donations

No political donations were made throughout the year (2016: £Nil).

CGF No. 9 Limited

Directors' Report (continued)

Significant contracts

Details of related party transactions, being the only significant contracts, are set out in note 14 of the financial statements.

Share capital

Information about share capital is shown in note 12. This information is incorporated into this report by reference.

Going concern

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future.

The Company's use of the going concern basis for preparation of the accounts is discussed in note 1.

Events after the balance sheet date

There have been no events which have occurred since 30 September 2017 that would require disclosure in the financial statements of the Company.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they are required to prepare the financial statements in accordance with International Financial Reporting Standards (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 Company and of the profit or loss of the Company for that year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial performance;
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable; 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.

CGF No. 9 Limited

Directors' Report (continued)


Auditors

In accordance with the provisions of the Companies Act 2006, as amended, the Company has dispensed with the laying of financial statements before a general meeting, the holding of annual general meetings and the obligation to appoint auditors annually.

The Directors who were members of the Board at the time of signing the report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

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

The Directors' Report was approved by the Board of Directors on 28 November 2017 and was signed on its behalf by:


Director
28 November 2017 Douglas Brown

CGF No. 9 Limited

Independent Auditor's Report to the Members of CGF No. 9 Limited

We have audited the financial statements of CGF No. 9 Limited for the year ended 30 September 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17. 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 ('EU').

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report have been prepared in accordance with applicable legal requirements.

CGF No. 9 Limited

Independent Auditor's Report to the Members of CGF No. 9 Limited (continued)

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

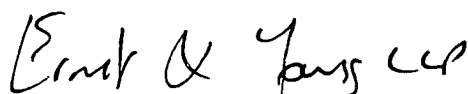
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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.

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



Steven Robb (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor, Leeds
28 November 2017

CGF No. 9 Limited

Statement of Comprehensive Income For the year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Finance lease income		529	437
Other operating income	3	29	25
Total income		<u>558</u>	<u>462</u>
Interest expense	14	(243)	(31)
Other operating expenses	4	(314)	(225)
Total expenses		<u>(557)</u>	<u>(256)</u>
Profit on ordinary activities before tax		1	206
Tax credit / (charge)	5	50	(530)
Total comprehensive income / (loss) for the year		<u>51</u>	<u>(324)</u>

All material items dealt with in arriving at the profit/(loss) before tax for the above years relate to continuing activities.

The notes on pages 14 to 27 form an integral part of these financial statements.

CGF No. 9 Limited


Balance Sheet

As at 30 September 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Finance lease receivables	7	13,057	5,831
Deferred tax assets	11	4,010	4,396
		<u>17,067</u>	<u>10,227</u>
Current assets			
Finance lease receivables	7	3,679	1,745
Trade and other receivables	9	1,484	479
		<u>5,163</u>	<u>2,224</u>
Total assets		<u><u>22,230</u></u>	<u><u>12,451</u></u>
Current liabilities			
Due to related entities	14	26,623	16,892
Trade and other payables	10	-	3
		<u>26,623</u>	<u>16,895</u>
Shareholders' equity			
Share capital	12	100	100
Retained deficit		(4,493)	(4,544)
Total shareholders' equity		<u>(4,393)</u>	<u>(4,444)</u>
Total liabilities and equity		<u><u>22,230</u></u>	<u><u>12,451</u></u>

The notes on pages 14 to 27 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 November 2017 and were signed on its behalf by:


 Director
 28 November 2017
 Company number: SC109935

Douglas Brown

CGF No. 9 Limited

Statement of Changes in Shareholders' Equity For the year ended 30 September 2017

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2015	100	(4,220)	(4,120)
Total comprehensive loss for the year	-	(324)	(324)
Tax on items recognised in equity	-	-	-
Balance as at 30 September 2016	100	(4,544)	(4,444)
Total comprehensive profit for the year	-	51	51
Tax on items recognised in equity	-	-	-
Balance as at 30 September 2017 attributable to parent	100	(4,493)	(4,393)

The notes on pages 14 to 27 form an integral part of these financial statements.

CGF No. 9 Limited

Statement of Cash Flows

For the year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Profit before tax		1	206
<i>Adjustments for:</i>			
Interest payable		243	31
Changes in operating assets	6	(9,594)	(1,914)
Changes in operating liabilities		(3)	(72)
Group relief paid		(134)	(683)
Net cash flows used in operating activities before tax		(9,487)	(2,432)
Tax paid		-	-
Net cash flows used in operating activities after tax		(9,487)	(2,432)
Cash flows from investing activities		-	-
Cash flows from financing activities			
Interest paid		(243)	(30)
Net increase in amounts due to related entities	6	512	248
Net cash provided by financing activities		269	218
Net decrease in cash and cash equivalents		(9,218)	(2,214)
Cash and cash equivalents at beginning of the year		(16,638)	(14,424)
Cash and cash equivalents at end of year	14	(25,856)	(16,638)

The notes on pages 14 to 27 form an integral part of these financial statements.

CGF No. 9 Limited

Notes to the Financial Statements

For the year ended 30 September 2017

1. Basis of preparation

Reporting entity

CGF No. 9 Limited is incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland.

The ultimate parent undertaking and ultimate controlling party as at 30 September 2017 is CYBG PLC, a company incorporated and registered in England and Wales. CYBG and its subsidiary undertakings comprise the CYBG Group, the largest group in which the results of the Company are consolidated. The smallest group in which the results of the Company are consolidated is that headed by the Company's intermediate parent, CB PLC, which is incorporated and registered in Scotland.

The financial statements of CYBG PLC may be obtained from CYBG PLC's registered office at 20 Merrion Way, Leeds, West Yorkshire, LS2 8NZ.

Statement of compliance

The financial statements have been prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006.

The financial statements for the year ended 30 September 2017 were authorised for issue by the Board of Directors on 28 November 2017.

Basis of measurement

The financial information has been prepared under the historical cost convention, as modified by the application of fair value measurements.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2. In addition note 16 to the financial statements includes the Company's objectives, policies and processes for managing its capital and note 15 to the financial statements includes the Company's financial risk management objectives; and its exposure to liquidity risk.

The Company has access to financial resources through the support of CB PLC who will continue to provide funding going forward. As a consequence, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors adopt the going concern basis in preparing the Annual Report and Financial Statements.

2. Accounting policies

New accounting standards and interpretations adopted during the year

The Company has adopted the following IASB pronouncements in the current financial year. None of the amendments listed have had a significant impact on the Company:

- 'Annual Improvements to IFRS Standards 2012-2014 Cycle', issued September 2014 and effective for financial years beginning on or after 1 January 2016. The IASB has made amendments to the following standards that are relevant to the Company: IFRS 5: 'Non-current Assets Held for Sale and Discontinued Operations'; IFRS 7: 'Financial Instruments: Disclosures'; IAS 19: 'Employee Benefits'; and IAS 34: 'Interim Financial Reporting'; and
- Amendments to IAS 1: 'Disclosure Initiative', issued December 2014 and effective for financial years beginning on or after 1 January 2016. This includes a narrow scope amendment providing clarification to existing IAS 1: 'Presentation of Financial Statements' requirements.

CGF No. 9 Limited

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

New accounting standards and interpretations not yet adopted

The impact of adoption of IFRS 9 'Financial Instruments' is still being assessed. IFRS 9 was issued in July 2014 (and endorsed for adoption in the EU in November 2016) and will be adopted by the Company with effect from 1 October 2018. The primary changes that IFRS 9 will introduce are in relation to the classification and measurement, and the impairment of financial assets.

The primary changes that IFRS 9 will introduce are in relation to the classification and measurement, and the impairment of financial assets.

Classification and measurement

IFRS 9 changes the classification of financial assets by reducing the number of categories to just three (amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL)). The final classification is based on a combination of the business model under which the financial asset is held and the contractual cash flow characteristics of the instruments. The Company is currently undertaking an assessment to determine the potential impact of these changes. These are unlikely to result in significant changes to existing measurement bases, however, the final impact will be dependent on the circumstances prevailing on 1 October 2018.

Impairment

IFRS 9 changes the basis on which financial assets are assessed for impairment, and moves this from an incurred credit loss methodology to an expected credit loss (ECL) methodology. The Standard requires a 12 month ECL calculation to be performed on financial assets where there has not been a significant increase in credit risk since initial recognition. Where a significant increase in credit risk has been identified, a lifetime ECL calculation is required. The Company is currently assessing the potential impact of the impairment changes introduced by IFRS 9.

Further details on the Group's IFRS 9 implementation strategy and approach can be found in the consolidated financial statements of CYBG PLC.

Other standards and amendments

There are a number of standards and amendments that are not effective at 30 September 2017 and have not been applied by the Company in preparing these financial statements. The pronouncements, while relevant to the Company, are not anticipated to have a material impact include:

- IFRS 16 'Leases' issued in January 2016 and has not yet been adopted for use in the EU. It is effective for financial years beginning on or after 1 January 2019, meaning that it will be mandatorily adopted by the Company with effect from 1 October 2019 providing EU endorsement has been obtained by that date. This standard replaces IAS 17: Leases and will result in most leases being brought onto a lessee's balance sheet under a single lease model, removing the distinction between finance and operating leases. Operating leases will be brought onto the Group balance sheet contract. Lessor accounting requirements remain aligned to the current approach under IAS 17. The Company is currently assessing the new estimates and judgements required by the Standard and their implications;
- Amendments to IAS 7: 'Disclosure initiative' issued in January 2016 (endorsed by the EU 6 November 2017) and effective for financial years beginning on or after 1 January 2017. The amendments to IAS 7: Statement of Cash Flows require disclosures that enable users of the financial statements to evaluate changes in liabilities arising from an entity's financing activities.
- Amendments to IAS 12: 'Recognition of Deferred Tax Assets for Unrealised Losses' issued in January 2016 and effective for financial years beginning on or after 1 January 2017. The amendments clarify the requirements on the recognition of deferred tax assets for unrealised losses; and

CGF No. 9 Limited

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Other standards and amendments (continued)

- Amendments to IFRS 9: 'Prepayment Features with Negative Compensation', issued in October 2017 and effective for financial years beginning on or after 1 January 2019. The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

Currency of presentation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in GBP, which is the Company's functional and presentation currency, rounded to the nearest thousand pounds (£'000) unless otherwise stated.

Revenue recognition

Finance leases

Finance lease income is recognised over the term of the lease using the net investment method (before tax) reflecting a constant periodic rate of return.

Fees

Loan origination fees that are integral to the yield of a lease agreement are separately identified for deferral and recognised as revenue using the effective interest rate method.

Loan origination costs that are associated with the commencement of a lease agreement are separately identified for deferral and recognised using the effective interest rate method. The net origination fee is recognised as lease income. Other fees are recognised as revenue in the period the service is provided.

Financial instruments

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised on the balance sheet when the Company becomes party to the contractual provisions of the instrument.

The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Borrowing costs

All borrowing costs are expensed in the period that they occur and are reported through finance costs.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it is related to items recognised in equity, in which case the tax is also recognised in equity.

Income tax expense or revenue is the tax payable (or receivable) on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

CGF No. 9 Limited

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Income tax (continued)

Deferred tax

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether:

- fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement conveys a right to use the asset.

As lessor

Leases entered into by the Company as lessor, where the Company transfers substantially all the risks and rewards of ownership to the lessee, are classified as finance leases. The net investment in the lease, which is comprised of the present value of the lease payments including any guaranteed residual value and initial direct costs, is recognised as a receivable.

The difference between the gross receivable and the present value of the receivable is unearned income. Income is recognised over the term of the lease using the net investment method (before tax) reflecting a constant periodic rate of return.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment losses are incurred 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 and prior to the balance sheet date ('a loss event'), and that loss event or events had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank carried at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

CGF No. 9 Limited

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Assumptions made at each balance sheet date are based on best estimates at that date. Although the Company has internal control systems in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates.

Deferred tax assets

Disclosures in relation to the Company's deferred tax assets of £4,010,000 can be found in note 11 (2016: £4,396,000). The Company has assessed the recoverability of these deferred tax assets as at 30 September 2017 and considers it probable that sufficient taxable profits will be available against which the underlying deductible temporary differences can be utilised. The Company has made this assessment with reference to the latest available profit forecasts.

3. Other operating income

	2017 £'000	2016 £'000
Gain on termination of leases	20	20
Other income	9	5
	<u>29</u>	<u>25</u>

4. Other operating expenses

	2017 £'000	2016 £'000
Bad debt recovery	-	(30)
Increase in loan impairment provision (note 8)	23	2
Other expenses	291	253
	<u>314</u>	<u>225</u>

Other expenses comprise management recharge £281,685 (2016: £248,288) and audit fees £8,952 (2016: £4,460).

CGF No. 9 Limited

Notes to the Financial Statements (continued)

5. Taxation

	2017 £'000	2016 £'000
Current tax		
UK corporation tax		
Current year	(1,018)	(1,061)
Prior year	582	-
	<u>(436)</u>	<u>(1,061)</u>
Deferred tax (note 11)		
Origination and reversal of temporary timing differences		
Current year	941	1,591
Prior year	(555)	-
	<u>386</u>	<u>1,591</u>
Income tax (credit)/charge reported in Income Statement	<u>(50)</u>	<u>530</u>
Tax relating to items expenses or credited to equity		
Current tax		
Release of transitional deferred tax	-	(31)
Deferred tax asset		
Release of transitional deferred tax (note 11)	-	31
	<u>-</u>	<u>-</u>
Tax on items recognised directly in equity	<u>-</u>	<u>-</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.5% (2016: 20.0%).
The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	<u>1</u>	<u>206</u>
Tax expense based on the standard rate of Corporation Tax in the UK of 19.5% (2016: 20.0%)	-	41
<i>Effects of:</i>		
Rate change	(78)	488
Prior year adjustments	28	-
Total income tax (credit)/charge for the year	<u>(50)</u>	<u>530</u>

CGF No. 9 Limited

Notes to the Financial Statements (continued)

6. Notes to the Statement of Cash Flows

	2017 £'000	2016 £'000
Operating Assets		
(Increase) / decrease in:		
Finance lease receivables (note 7)	(9,160)	(1,883)
Trade and other receivables (note 9)	(434)	(31)
	<u>(9,594)</u>	<u>(1,914)</u>
Due from related entities:		
Decrease / (increase) in:		
Amounts due from immediate parent (note 14)	-	-
	<u>-</u>	<u>-</u>
Due to related entities		
(Decrease) / increase in:		
Amounts due to immediate parent (note 14)	(1)	(4)
Amounts due to CB PLC (note 14)	513	252
	<u>512</u>	<u>248</u>

CGF No. 9 Limited

Notes to the Financial Statements (continued)

7. Finance lease receivables

	Amounts receivable under finance leases £'000	Unearned income £'000	Net investment in finance lease receivables £'000	Impairment provision £'000	Present value of minimum lease payments receivable £'000
2017					
Analysed as:					
Current					
- Within one year	4,033	(345)	3,688	(9)	3,679
Non-current					
- After more than one year					
and not later than 5 years	12,520	(914)	11,606	(26)	11,580
- Later than 5 years	1,605	(125)	1,480	(3)	1,477
	14,125	(1,039)	13,086	(29)	13,057
As at 30 September 2017	18,158	(1,384)	16,774	(38)	16,736
2016	£'000	£'000	£'000	£'000	£'000
Analysed as:					
Current					
- Within one year	1,938	(189)	1,749	(4)	1,745
Non-current					
- After more than one year					
and not later than 5 years	5,851	(382)	5,469	(10)	5,459
- Later than 5 years	445	(72)	373	(1)	372
	6,296	(454)	5,842	(11)	5,831
As at 30 September 2016	8,234	(643)	7,591	(15)	7,576

The residual value of all assets leased to customers is guaranteed.

CGF No. 9 Limited

Notes to the Financial Statements (continued)

8. Impairment losses on credit exposure

	Individual 2017 £'000	Collective 2017 £'000	Total 2017 £'000	Individual 2016 £'000	Collective 2016 £'000	Total 2016 £'000
Opening balance	-	15	15	-	13	13
Charge for the year	-	23	23	-	2	2
Closing balance	-	38	38	-	15	15

Amounts included in:

Finance lease receivables (note 7)

2017
£'000

2016
£'000

38 15

9. Trade and other receivables

	2017 £'000	2016 £'000
Group relief receivable	1,019	448
VAT receivable	465	31
	1,484	479

10. Trade and other payables

	2017 £'000	2016 £'000
Group relief payable	-	-
Other creditors and accruals	-	3
	-	3

CGF No. 9 Limited

Notes to the Financial Statements (continued)

11. Deferred Tax

	2017 £'000	2016 £'000
Deferred tax asset:		
Opening balance	4,396	6,018
Deferred taxation recognised in equity	-	(31)
Deferred taxation recognised in Income Statement	(386)	(1,591)
Closing balance	4,010	4,396
The deferred tax asset is attributable to the following items:		
Depreciation	4,003	4,396
Other	7	-
	4,010	4,396

The statutory rate of UK corporation tax is 19% from 1 April 2017 and as enacted in Finance Act 2016 will fall to 17% from 1 April 2020. In accordance with IAS 12, these rates are taken into account in assessing the value at which assets are expected to be realised and liabilities settled.

12. Share capital

	Number	£'000
Allotted, called up and fully paid:		
Ordinary shares of £1 each		
At 30 September 2017 and 2016	100,000	100

13. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises the following balances due within three months at inception:

	2017 £'000	2016 £'000
Bank overdraft (note 14)	(25,856)	(16,638)

CGF No. 9 Limited

Notes to the Financial Statements (continued)

14. Related party transactions

The Company receives a range of services from the ultimate parent and related parties, including loans and various administration services.

	2017 £'000	2016 £'000
Amounts due to related entities		
Current liabilities		
Bank overdraft – held with intermediate parent (CB PLC)	25,856	16,638
Amounts due to immediate parent (CBAF)	-	1
Amount due to intermediate parent (CB PLC)	767	253
	26,623	16,892
Income statement transaction during the year		
Interest expense paid to intermediate parent (CB PLC)	243	31
	291	253

15. Management of risk

Effective management of risk is a core capability for a successful financial services provider and is fundamental to the Company's strategy, as well as that of its ultimate parent entity CYBG. The Group has implemented significant changes to strengthen its risk capabilities since becoming standalone and continues to develop in line with industry developments and best practice. The key components of the Group's risk management strategy are detailed below:

Risk strategy

The Group has a clearly defined strategy in order to manage and mitigate risk in the daily course of its business. The strategy consists of:

- Ensuring all principal and emerging risks are identified and assessed;
- Risk appetite which is clearly articulated and influences the Group's strategic plan;
- A clearly defined risk culture which emphasises risk management throughout all areas of the business whilst maintaining independent oversight;
- Ongoing analysis of the environment in which the Group operates to proactively address potential risk issues as they arise; and
- Supporting commercial decisions and people with appropriate risk processes, systems and controls.

CGF No. 9 Limited

Notes to the Financial Statements (continued)

15. Management of risk (continued)

Three lines of defence

Effective operation of a Three Lines of Defence model is integral to the Group's approach to risk management and is based on an overriding principle that risk capability must be embedded within the First Line of Defence teams to be effective.

This principle, which is more fully explained in the Risk Report section of the CYBG PLC Annual Report & Accounts, embodies the following concepts:

- Commercial decisions are made on the basis of proactive consideration of risk and the impact on customers;
- Risk management activities are focused on enhancing sustainable business performance;
- Management must use the RMF, to support decision making involving risk and reward trade offs;
- Regular assessments are undertaken to confirm the effectiveness of the Risk and Control Frameworks in relation to both the current and emerging risk profile; and
- Risk management responsibilities are clearly understood by all employees when carrying out their day to day activities.
- Control is exercised through a clearly defined delegation of authority, with communication and escalation channels throughout the Group.

Credit Risk

Credit risks associated with lending are managed through the application of detailed lending policies and standards which outline the approach to lending, underwriting criteria, credit mandates, concentration limits and product terms. The Group maintains a dynamic approach to credit management and aims to take necessary steps if individual issues are identified or if credit performance deteriorates, or is expected to deteriorate, due to borrower, economic or sector specific weaknesses.

Assets	2017 £'000	2016 £'000
Finance lease receivables (note 7)	16,736	7,576

The Company does not have any collateral or other credit enhancements supporting these assets. There are no undrawn commitments to which the Company is exposed. The credit quality of assets is disclosed within the consolidated financial statements of its intermediate parent, CB PLC.

Operational risk

Operational risk (including Strategic, Business & Financial Performance Risks) is the risk of loss resulting from inadequate or failed internal processes, people, strategies and systems or from external events including, for example, the prospect of a cyber attack. It is a core component of the RMF and is embedded in day to day business activities. Responsibilities are set out in a structured operational risk framework that seeks to identify, assess, mitigate, monitor, and report the operational risks and events that could impact the achievement of business objectives or impact core business processes.

Business units are responsible for the day to day management of operational risk, with oversight from the risk management function and independent assurance activities undertaken by Internal Audit. The requirements of the operational risk management framework are defined in an overarching operational risk policy and related minimum standards, and reflect the Group's operational risk appetite.

CGF No. 9 Limited

Notes to the Financial Statements (continued)

15. Management of risk (continued)

Market risk

Market risk for the Company includes liquidity risk and interest rate risk. The primary objective for the management and oversight of market risk is to maintain the risk profile within approved risk appetite and limits, while implementing strategies that optimise stable current and future earnings from the impact of market volatility.

Policies relating to market risks are approved by the Board of the CYBG Group. The consistent application of CYBG Group policies across the Group is the responsibility of the Group's Board with the support of executive management governance committees.

Interest rate risk

Interest rate risk comprises the sensitivity of the Company's current and future net interest income and economic value to movements in market interest rates. Interest rate risk is principally managed at the CYBG Group level.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its current and future financial obligations as they fall due, at acceptable cost. These obligations include the repayment of deposits on demand or at their contractual maturity dates, the repayment of borrowings and loan capital as they mature, the payment of operating expenses and tax, the payment of dividends and the ability to fund new and existing loan commitments.

CB PLC provides the Company with its funding requirements via a variable rate loan facility. This funding requirement is monitored by both Treasury and Company management and, when required, additional funding is provided to meet the Company's lending volumes and financial obligations.

The Directors do not believe there is a significant exposure to liquidity risk due to the related party nature of funding and liability exposures with fellow CYBG companies.

Cash flows maturity profile for liabilities as they fall due

The table below illustrates when the cash flows fall due for all future financial obligations within the Company.

2017

<i>Liabilities</i>	3 months or less £'000	3 to 12 months £'000	No specific maturity £'000	Total £'000
Due to related entities	26,623	-	-	26,623
	<u>26,623</u>	<u>-</u>	<u>-</u>	<u>26,623</u>

2016

<i>Liabilities</i>	3 months or less £'000	3 to 12 months £'000	No specific maturity £'000	Total £'000
Due to related entities	16,892	-	-	16,892
Trade and other payables	-	-	3	3
	<u>16,892</u>	<u>-</u>	<u>3</u>	<u>16,895</u>

CGF No. 9 Limited

Notes to the Financial Statements (continued)

16. Capital management overview

The Company is governed by CYBG Group's Capital Management Policy. The objectives of the CYBG Group's Capital Management Policy are to efficiently manage the capital base to optimise shareholder returns whilst maintaining robust capital adequacy, meeting Regulators requirements and managing the ratings agencies assessment of the Group.

The Company is not subject to externally imposed capital requirements; however its capital is managed as part of the CYBG Group.

17. Events after the balance sheet date

There have been no events which have occurred since 30 September 2017 that would require disclosure in the financial statements of the Company.