

Financial Statements Praectura Asset Finance (SB) Limited

For the Year Ended 31 December 2015



Registered number: 08766580

Praetura Asset Finance (SB) Limited
Registered number:08766580

Company Information

Directors	Michael J Fletcher David C Foreman Michael C Hartley Peadar J O'Reilly
Company secretary	Mr Daryl L Johnson
Registered number	08766580
Registered office	Giants Basin Potato Wharf Manchester M3 4NB
Trading Address	Haydock House Pleckgate Road Blackburn Lancashire BB1 8QW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB

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Directors' Report

For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Results and dividends

The loss for the year, after taxation, amounted to £136,972 (2014 - loss £669,292).

Directors

The directors who served during the year were:

Michael J Fletcher
David C Foreman
Michael C Hartley
Peadar J O'Reilly

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' Report

For the Year Ended 31 December 2015

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *30 JUNE 2016* and signed on its behalf.



David C Foreman
Director



Independent Auditor's Report to the Members of Praetura Asset Finance (SB) Limited

We have audited the financial statements of Praetura Asset Finance (SB) Limited for the year ended 31 December 2015, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable for the UK and the Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of Praetura Asset Finance (SB) Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors Report .

Grant Thornton UK LLP

Stuart Muskett (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Manchester
Date: *30 JUNE 2016*

Statement of Income and Retained Earnings

For the Year Ended 31 December 2015

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
	Note	
Interest receivable and similar income	1,039,395	331,005
Interest payable and similar charges	<u>(391,270)</u>	<u>(131,807)</u>
Gross profit	648,125	199,198
Administrative expenses	<u>(785,097)</u>	<u>(868,490)</u>
Operating loss and loss before tax	(136,972)	(669,292)
Tax on loss	7 -	-
Loss after tax	<u>(136,972)</u>	<u>(669,292)</u>
Retained losses at the beginning of the year/ period	<u>(669,292)</u>	-
	<u>(669,292)</u>	-
Losses for the year/ period	<u>(136,972)</u>	<u>(669,292)</u>
Retained losses at the end of the year/ period	<u>(806,264)</u>	<u>(669,292)</u>

The notes on pages 7 to 19 form part of these financial statements.

Balance Sheet

As at 31 December 2015

	Note	2015 £	2014 £
Current assets			
Debtors: amounts falling due after more than one year	8	4,696,243	3,681,281
Debtors: amounts falling due within one year	8	3,239,127	7,665,455
		<u>7,935,370</u>	<u>11,346,736</u>
Creditors: amounts falling due within one year	10	(5,034,813)	(9,249,193)
Net current assets		<u>2,900,557</u>	<u>2,097,543</u>
Total assets less current liabilities		<u>2,900,557</u>	<u>2,097,543</u>
Creditors: amounts falling due after more than one year	11	(3,706,820)	(2,766,834)
Net liabilities		<u>(806,263)</u>	<u>(669,291)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	13	(806,264)	(669,292)
		<u>(806,263)</u>	<u>(669,291)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30 JUNE 2016



David C Foreman
 Director

The notes on pages 7 to 19 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 23.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Praetura Asset Finance (Holdings) Limited as at 31 December 2015 and these financial statements may be obtained from the registered office.

The following principal accounting policies have been applied:

1.3 Company information

Praetura Asset Finance (SB) Limited is a Limited Company incorporated in the United Kingdom. Its registered office is Giants Basin, Potato Wharf, Manchester, M3 4NB.

1.4 Going concern

The Praetura Asset Finance group (PAF) commenced trading in 6th January 2014. In order to fulfil aspirations of growth, PAF has recruited an experienced sales and management team and an industry leading software system in order to facilitate this growth. The investment in infrastructure resulted in the business being loss making in the current and prior periods, which is in line with management expectations and forecasts.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. As a result of the continued support of the parent company, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.7 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.8 Leases

When assets are held under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is included in net interest income and is recognised over the term of the lease reflecting a constant periodic rate of return on the net investment in the lease.

Interest income and expense are recognised in the statement of profit and loss and comprehensive income for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through 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. When calculating the effective interest rate, the Company estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes fees and points, paid or received, between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset, or group of similar financial assets, has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss. When the Company revises its estimates of payments or receipts on a financial instrument measured at amortised cost, the carrying amount of the financial instrument (or group of financial instruments) is adjusted to reflect actual and revised estimated cash flows. The Company recalculated the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

1.9 Impairment of financial assets

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

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following loss events:

- delinquency in contractual payments of principal or interest.
- cash flow difficulties;
- breach of loan covenants or conditions; and
- initiation of bankruptcy proceedings.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

In the application of the accounting policies management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic experience and other factors that are considered to be relevant and are reviewed on an on-going basis.

Management have considered the key assumptions used to estimate the company's assets and liabilities as at the balance sheet date, and believe these assumptions to be entirely appropriate. The estimates and judgements most likely to have a significant effect are in the following areas:

- Impairment loss provisions

Impairment provisions are made in respect of agreements where a loss event has occurred. The impairment provisions are deducted from the net investment in finance agreements. The charge in the statement of income comprises write-offs, recoveries and the movement in the impairment provision in the period.

3. Analysis of turnover

The whole of the turnover is attributable to the principal activity of the company and all relates to the leasing of goods.

4. Operating loss

During the year, no director received any emoluments (2014 - £NIL).

5. Auditor's remuneration

Audit fees for the period were borne by the parent company.

6. Employees

The company has no employees other than the directors, who did not receive any remuneration (2014 - £NIL)

Notes to the Financial Statements

For the Year Ended 31 December 2015

7. Taxation

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 22%). The differences are explained below:

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Loss on ordinary activities before tax	<u>(136,972)</u>	<u>(669,292)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 22%)	(27,732)	(145,173)
Effects of:		
Adjust deferred tax to average rate	16,463	11,315
Deferred tax not recognised	<u>11,269</u>	<u>133,858</u>
Total tax charge for the year/period	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

8. Debtors

	2015 £	2014 £
Due after more than one year		
Net investment in finance leases	4,696,243	3,681,281
	<u>4,696,243</u>	<u>3,681,281</u>
	2015 £	2014 £
Due within one year		
Net investment in finance leases	2,637,591	1,608,033
Amounts owed by group undertakings	-	5,805,709
Prepayments and accrued income	601,536	251,713
	<u>3,239,127</u>	<u>7,665,455</u>

An impairment loss of £88,834 (2014 - £63,737) was recognised against trade debtors.

The following table shows the movement in the impairment provision:

	2015 £	2014 £
At 31 January 2015	63,737	-
Charge for the year	25,097	63,737
Provisions utilised	-	-
	<u>88,834</u>	<u>63,737</u>

9. Loans and advances to customers

	2015 £	2014 £
Finance leases and hire purchase receivables	7,422,668	5,353,051
Net loans and advances to customers	<u>7,422,668</u>	<u>5,353,051</u>
Less: allowance for impairment charges on loans and advances to customers	(88,834)	(63,737)
Loans and advances to customers	<u>7,333,834</u>	<u>5,289,314</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

Finance leases and hire purchase receivables

Loans and advances to customers include finance leases and hire purchase receivables, which are analysed as follows:

	2015 £	2014 £
Gross investment in finance lease		
No later than one year	3,472,080	2,244,610
Later than one year and not later than five years	5,411,201	4,327,812
Later than five years	-	-
	<u>8,883,281</u>	<u>6,572,422</u>
Unearned future finance income on finance leases	(1,460,613)	(1,219,371)
Net investment in finance leases	<u>7,422,668</u>	<u>5,353,051</u>

The net investment in finance leases is analysed as follows:

	2015 £	2014 £
Not later than one year	2,726,427	1,671,770
Later than one year and not later than five years	4,696,243	3,681,281
Later than five years	-	-
	<u>7,422,670</u>	<u>5,353,051</u>

The Company's leasing arrangements include the provision of instalment credit and leasing finance for both consumer and business customers. At 31 December 2015, the accumulated allowance for uncollectable minimum lease payments receivable was £88,834 (2014: £63,737).

10. Creditors: Amounts falling due within one year

	2015 £	2014 £
Bank loans	2,808,336	1,755,504
Amounts owed to group undertakings	2,226,477	7,493,689
	<u>5,034,813</u>	<u>9,249,193</u>

Amounts owed to group undertakings

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Bank loans	3,706,820	2,766,834
	<u>3,706,820</u>	<u>2,766,834</u>

12. Loans

Analysis of the maturity of loans is given below:

	2015 £	2014 £
Amounts falling due within one year		
Bank loans	2,808,336	1,755,504
	<u>2,808,336</u>	<u>1,755,504</u>
Amounts falling due 2-5 years		
Bank loans	3,706,820	2,766,834
	<u>3,706,820</u>	<u>2,766,834</u>

The company had available to it a total debt facility of £ 7,500,000. Borrowings totalling £6,515,156 were outstanding under this facility as at 31 December 2015 (2014: £4,522,338), with amounts being repayable on a repayment profile of monthly instalments commencing 31 March 2014 and ending 6 January 2020.

Interest charges on amounts drawn are based on a rate of 6.65%.

Bank loans are secured by way of fixed and floating charges over the company's assets created on 7 November 2013.

13. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account includes all current period retained profits and losses.

Notes to the Financial Statements

For the Year Ended 31 December 2015

14. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

15. Capital commitments

The company had no capital commitments at 31 December 2015 (2014: £Nil).

16. Contingent liabilities

The directors have confirmed that there were no contingent liabilities at 31 December 2015 (2014: £Nil).

17. Credit risk

Credit risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Company in respect of a financial instrument. Credit risk arises primarily from the Company's exposure to losses from loans and advances to customers that default on their repayments in excess of the collateral held within the underlying asset(s).

Praetura Asset Finance Group Credit policy document sets out the fundamental credit principles within which the Company operates.

The quality of all lending is monitored and measured using loan to value ("LTV") calculations and ongoing monitoring and discussions with the customers, brokers and industry experts.

The LTV calculator uses an industry asset class and sub class matrix provided by professional valuers. It is updated annually to ensure that the latest industry recognised % depreciation rates are used. If there are any material shifts in depreciation rates for an asset class or sub class during the year, these are communicated by the valuers and the matrix updated immediately. Each deal going through credit has an LTV report attached (depreciated values over time and a graph showing the reducing capital balance as well as the depreciating trade and retail valuations).

Notes to the Financial Statements

For the Year Ended 31 December 2015

A robust arrears management process ensures that the impact of delinquent loans on the Company's performance is minimised.

The methodology for impairment provisioning is set out below:

All credit exposures are regularly reviewed for objective evidence of impairment. Where such evidence of impairment exists the exposures are collectively measured for an impairment provision. The criteria used to determine if there is objective evidence of impairment relates to an inability to recoup the principal balance outstanding on the contract. Where objective evidence of impairment exists, as a result of one or more past events, the Company is required to estimate the recoverable amount of the exposure.

For financial reporting purposes, loans and advances to customers on the balance sheet that become impaired are written down to the estimated recoverable amount. The amount of this write down is taken as an impairment charge in the statement of income and retained earnings.

For the Company 100% of the balances are secured. The main types of security are charges over assets being financed.

The table below provides an analysis of the asset quality of loans and advances to customers (prior to impairment provision).

	2015 £	2014 £
High quality	7,794,721	6,276,562
Satisfactory quality	1,080,894	295,860
Acceptable quality	-	-
Lower quality but not past due or impaired	-	-
Neither past due or impaired	8,875,615	6,572,422
Past due but not impaired	7,666	-
Impaired	-	-
Total	8,883,281	6,572,422

Financial assets - 'past due but not impaired': loans and advances to customers

The table below provides an aged analysis of financial assets 'past due but not impaired':

	2015 £	2014 £
31 December 2015		
Past due up to 30 days	7,666	-
Past due 31 - 60 days	-	-
Past due 61 - 90 days	-	-
Past due more than 90 days but not impaired	-	-
	7,666	-

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in financing its assets and/or meeting contractual payment obligations as they fall due, or will only be able to do so at substantially above prevailing market cost of funds.

Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven by, among other things, the maturity structure of loans and advances to customers whilst cash outflows are primarily driven by loan and bank overdraft repayment obligations. Liquidity risk can increase due to unexpected lengthening of maturities and non-repayment of assets.

It is company policy to ensure that resources are available during all reasonably foreseeable circumstances to meet its obligations. Development, implementation and monitoring of this policy are the responsibility of the company.

The following table summarises the company's financial liabilities (including interest) into relevant maturity groupings based on the remaining period at the balance sheet date.

	2015 £	2014 £
Amounts owed to group undertakings		
Repayable on demand	2,226,477	7,493,689
	<u>2,226,477</u>	<u>7,493,689</u>
Bank loans		
Repayable on demand	-	-
Less than 6 months	1,404,168	877,752
6 to 12 months	1,404,168	877,752
1 to 5 years	3,706,820	2,766,834
Greater than 5 years	-	-
	<u>6,515,156</u>	<u>4,522,338</u>

19. Market risk

Market risk is the risk of loss in the company's income or net worth arising from an adverse change in interest rates, exchange rates, or other market prices. The company considers that the most significant aspect of market risk for the company is interest rate risk. The company is not exposed to currency risk as all financial assets and liabilities are denominated in sterling.

Interest rate risk arises primarily from the company's exposure to interest rate fluctuations whilst offering customer products which are at a fixed rate of interest. Exposure to interest rate risk is managed by the Company using fixed rate deposits and loans. As the company's fixed rate borrowings and receivables from customers are both carried at amortised cost, interest rate risk is eliminated since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

There would therefore be no effect on profit if interest rates were to change.

Notes to the Financial Statements

For the Year Ended 31 December 2015

20. Financial assets and liabilities

The fair value of a financial instrument is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

All financial assets and liabilities recorded in the balance sheet are held at amortised cost.

It is considered that the carrying amounts is a reasonable approximation of fair value for all financial assets and liabilities.

21. Related party transactions

The company has taken exemption under FRS 102 paragraph 33.1A 'Related Party Disclosures' not to disclose related party transactions with other group companies.

22. Controlling party

The company is a subsidiary undertaking of Praetura Asset Finance Limited, incorporated in England and Wales. The ultimate parent company is Praetura Asset Finance (Holdings) Limited, incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Praetura Asset Finance (Holdings) Limited. No other group financial statements include the results of the company. The consolidated financial statements of this group are available to the public and may be obtained from the company's registered office.

23. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.