

**RENTE PLUS COMPANY LIMITED**  
**INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST OCTOBER 2014**

Ref: 308417  
Sims: 2014202

# **RENTE PLUS COMPANY LIMITED**

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## **RENTE PLUS COMPANY LIMITED**

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### **REPORT OF THE DIRECTORS**

The Directors present their interim report together with the unaudited financial statements for Rente Plus Company Limited (the "Company") for the period 1st May 2014 to 31st October 2014.

### **INCORPORATION**

The Company was incorporated in Jersey, Channel Islands on 17th January 2005 under the Companies (Jersey) Law 1991.

### **ACTIVITIES**

The principal activity of the Company is the issue of Rente Plus Notes (the "Notes") in series under the terms of the Rente Plus Company Limited Recourse Secured Debt Issuance Programme. The proceeds from the issue of the Notes have initially been placed on deposit with The Royal Bank of Scotland N.V., London Branch ("RBS" or the "Swap Counterparty"). At any time, RBS may deliver collateral assets to the Company in place of the deposit and may substitute such collateral assets with other collateral assets. In addition, the Company has entered into Collateral Swaps and Portfolio Credit Default Swaps with RBS. The risk factors relevant to the Noteholders have been disclosed in the Offering Circular, which describes how the amount payable to the Noteholders upon maturity may be less than the original principal amount subscribed on the issue date, or may even be zero. The Notes issued are listed on the Euronext Amsterdam N.V. stock exchange.

### **GOING CONCERN**

Following the maturity of the Notes in March and June 2015 the Directors intend to liquidate the Company as soon as is practicable. The Company is therefore no longer considered to be a going concern and these financial statements have been prepared on a basis other than that of a going concern. See note 1 for further details.

### **RESULTS AND DIVIDENDS**

The profit for the period amounted to €1,036 (period ended 31st October 2013: €154).

The Directors did not recommend a dividend for the period (period ended 31st October 2013: €Nil).

### **DIRECTORS**

The Directors who held office during the period and subsequently were:-

G.P. Essex-Cater

H.C. Grant

C.D. Ruark

### **SECRETARY**

The Company Secretary is Sanne Secretaries Limited.

### **REGISTERED OFFICE**

The registered office is 13 Castle Street, St Helier, Jersey, Channel Islands, JE4 5UT.

## **RENTE PLUS COMPANY LIMITED**

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### **REPORT OF THE DIRECTORS - (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

The Directors are required to prepare financial statements for each financial year under the Companies (Jersey) Law 1991. As permitted by that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required to give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

International Accounting Standard 1 "Presentation of Financial Statements" requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Conceptual Framework for Financial Reporting'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, Directors are also required to:

- \* properly select and apply accounting policies;
- \* present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- \* provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- \* make an assessment of the Company's ability to continue as a going concern.

The Directors are also responsible for keeping proper accounting records that are sufficient to show and explain its 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 (Jersey) Law 1991. 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.

#### **STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER**

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company whose names appear on page 2 confirm to the best of their knowledge that the financial statements for the period ended 31st October 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a fair review of the development of the Company's business, financial position and the important events that have occurred during the financial period and their impact on the financial statements. The principal risks and uncertainties faced by the Company are disclosed in note 13 of these financial statements.

**Signed on behalf of the Board of Directors by:**

Director  
Date:

  
8.12.14

**RENTE PLUS COMPANY LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31ST OCTOBER 2014**

	<u>Notes</u>	<u>31st Oct 14</u>	<u>30th Apr 14</u>
		€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	2	-	60,000,000
Derivative assets	3	-	2,832,880
		-	62,832,880
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2	35,000,000	135,000,000
Derivative assets	3	723,884	4,939,558
Trade and other receivables	4	789,337	2,936,509
Cash and cash equivalents	5	9,286	8,947
		36,522,507	142,885,014
<b>TOTAL ASSETS</b>		<u>36,522,507</u>	<u>205,717,894</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	6	3	3
Retained earnings		11,198	10,162
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>11,201</u>	<u>10,165</u>
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	7	-	62,462,878
Derivative liabilities	3	-	370,002
		-	62,832,880
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss	7	35,645,596	138,909,402
Derivative liabilities	3	78,288	1,030,156
Trade and other payables	8	787,422	2,935,291
		36,511,306	142,874,849
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>36,522,507</u>	<u>205,717,894</u>

The financial statements on pages 4 to 24 were approved and authorised for issue by the Board of Directors on the <sup>8th</sup> day of December 2014 and were signed on its behalf by:

Director:   
(The notes on pages 8 to 24 form part of these financial statements)

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**RENTE PLUS COMPANY LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 31ST OCTOBER 2014**

	<b>1st May 14 to 31st Oct 14</b>	<b>1st May 13 to 31st Oct 13</b>
	<b>€</b>	<b>€</b>
<b>INCOME</b>		
Investment income	54,742	206,010
Derivative income	497,486	4,215,792
Deposit interest income	12	10
Transaction fee income	638	299
Gain on exchange	492	3
	<hr/> 553,370	<hr/> 4,422,114
<b>EXPENDITURE</b>		
Note interest expense	497,486	4,215,792
Derivative expense	54,742	206,010
Bank charges	106	158
	<hr/> 552,334	<hr/> 4,421,960
<b>OPERATING PROFIT</b>	<hr/> 1,036	<hr/> 154
<b>GAIN/(LOSS) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Financial assets	7,793,442	-
Financial liabilities	( 2,066,757)	( 4,344,417)
Derivative instruments		
- Credit Default Swap	1,321,870	8,999,506
- Collateral Swap	( 7,048,555)	( 4,655,089)
	<hr/> 1,036	<hr/> 154
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<hr/> <hr/> 1,036	<hr/> <hr/> 154

**Other comprehensive income**

There were no items of other comprehensive income in either the current or prior period.

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*(The notes on pages 8 to 24 form part of these financial statements)*

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**RENTE PLUS COMPANY LIMITED**

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**STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31ST OCTOBER 2014**

	<b><u>Share capital</u></b>	<b><u>Retained earnings</u></b>	<b><u>Total</u></b>
	<b>€</b>	<b>€</b>	<b>€</b>
Balance at 1st May 2013	3	9,403	9,406
Total comprehensive income for the period	-	154	154
	<hr/>	<hr/>	<hr/>
Balance at 31st October 2013	3	9,557	9,560
	<hr/>	<hr/>	<hr/>
Balance at 1st May 2014	3	10,162	10,165
Total comprehensive income for the period	-	1,036	1,036
	<hr/>	<hr/>	<hr/>
Balance at 31st October 2014	3	11,198	11,201
	<hr/>	<hr/>	<hr/>

*(The notes on pages 8 to 24 form part of these financial statements)*

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**RENTE PLUS COMPANY LIMITED**

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**STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31ST OCTOBER 2014**

	<b>1st May 14 to 31st Oct 14</b>	<b>1st May 13 to 31st Oct 13</b>
	<b>€</b>	<b>€</b>
<b>Cash flows from operating activities</b>		
Total comprehensive income for the period	1,036	154
Adjustments for (gain)/loss on revaluation of financial instruments:		
Financial assets	( 7,793,442)	-
Financial liabilities	2,066,757	4,344,417
Derivative instruments		
- Credit Default Swap	( 1,321,870)	( 8,999,506)
- Collateral Swap	7,048,555	4,655,089
Investment income	( 54,742)	( 206,010)
Note interest expense	497,486	4,215,792
Derivative income	( 497,486)	( 4,215,792)
Derivative expense	54,742	206,010
(Increase)/decrease in trade and other receivables	( 697)	885
<b>Cash flow from operating activities</b>	<b>339</b>	<b>1,039</b>
<b>Cash flow from investing activities</b>		
Investment income received	120,097	202,800
Derivative income received	2,580,000	2,580,001
Derivative expense paid	( 120,097)	( 202,800)
Proceeds received from sale of financial assets	167,793,442	-
<b>Net cash flow from investing activities</b>	<b>170,373,442</b>	<b>2,580,001</b>
<b>Cash flow from financing activities</b>		
Note interest paid	( 2,580,000)	( 2,580,001)
Payment on repurchase of financial liabilities	( 167,793,442)	-
<b>Net cash outflow from financing activities</b>	<b>( 170,373,442)</b>	<b>( 2,580,001)</b>
<b>Net increase in cash and cash equivalents</b>	<b>339</b>	<b>1,039</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,947</b>	<b>7,635</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,286</b>	<b>8,674</b>

*(The notes on pages 8 to 24 form part of these financial statements)*

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## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

###### **Statement of compliance**

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee. The more significant accounting policies used are set out below.

###### **Basis of preparation**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, financial liabilities and derivative financial instruments at fair value through the profit or loss.

###### **Going concern**

The Company's debt funding has been provided by the Noteholders, whose recourse to the assets of the Company is limited to those aggregate net assets designated as the Collateral (defined below) for the particular series of Notes held and who have no right to petition for insolvency proceedings against the Company in the event that the aggregate proceeds from the realisation of these assets and are insufficient to repay the principal amount of the Notes. From a Noteholder point of view, defaults on any one particular series cannot impact any other series.

The Notes are scheduled to mature in March and June 2015. As it is the intention of the Directors to liquidate the Company as soon as practicable after this date, the Company is therefore no longer considered to be a going concern. Accordingly, these financial statements have been prepared on a basis other than that of a going concern. The Directors consider that there is no significant difference between the carrying value and net realisable value of the Company's assets as at the reporting date. No costs required for the wind up of the Company have been accrued in these financial statements as these would be met by The Royal Bank of Scotland Plc (as disclosed in note 10).

###### **New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current period**

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current period that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

###### **Non-mandatory New Accounting Requirements not yet adopted**

The following applicable New Accounting Requirements have been issued. However, these New Accounting Requirements are not yet mandatory and have not yet been adopted by the Company. All other non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

###### **Non-mandatory New Accounting Requirements not yet adopted - (continued)**

###### **IFRS 9, "Financial Instruments" (Replacement of IAS 39 — "Financial Instruments: Recognition and Measurement") – effective date 1st January 2018**

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities and may be adopted to replace IAS 39.

IFRS 9 requires financial assets to be classified into two measurement categories: (i) those measured at fair value; and (ii) those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1st January 2018, but early adoption is permitted at any time. The Company intends to adopt IFRS 9 no later than the mandatory effective date. In the Directors' opinion, early adoption of IFRS 9 would have no material impact on the recognition, measurement or disclosures relating to its financial instruments. The Company is expected to be wound up before the mandatory effective date of this standard.

###### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the period. Actual results could differ from those estimates.

The significant estimates and assumptions used in the preparation of the financial statements are in relation to the fair values calculation of the Company's financial instruments as outlined in note 13.

###### **Financial assets and financial liabilities at fair value through profit or loss**

In accordance with IAS 39, "Financial Instruments: Recognition and Measurement", a financial instrument is classified at fair value through profit or loss if it is either held for trading, or designated as such upon initial recognition.

Under IAS 39, all derivative transactions, except designated as effective hedging instruments, are required to be classified as held for trading. The Company's derivative transactions have not been designated as hedging instruments in accordance with IAS 39. Consequently, these transactions are classified as held for trading, with all gains and losses on such transactions being recognised in profit or loss. The Company has designated its investments held and its Notes issued as at fair value through profit or loss as permitted by IAS 39, as this results in more relevant financial information because it eliminates, or significantly reduces, the measurement and recognition inconsistencies that would result from measuring its derivative financial instruments at fair value, with the gains, or losses, on such financial instruments being recognised in profit or loss, whilst measuring its investments held and its Notes issued at amortised cost.

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

###### **Financial assets and financial liabilities at fair value through profit or loss - (continued)**

Purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the financial asset, and are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are also recognised on the trade date and are derecognised when contractual obligations are discharged, cancelled or expired. Financial instruments are initially recognised at fair value which is equivalent to cost on the date of purchase/issue and subsequently re-measured at their estimated fair value. Transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Gains and losses arising from changes in the fair value of the Company's financial instruments or on disposal of such instruments are included in the statement of comprehensive income in the period in which they arise.

###### **Derivative financial instruments**

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Fair values are derived by valuation techniques since the derivatives are not actively traded. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative. Realised and unrealised gains and losses on Collateral Swaps and Portfolio Credit Default Swaps are recognised within the statement of comprehensive income. Derivative financial instruments are derecognised when the rights to receive cash flows from them have expired or the Company has substantially transferred all the risks and rewards of ownership.

###### **Fair value estimation**

IFRS 13 "Fair Value Measurement" ("IFRS 13") defines a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

###### **Fair value estimation - (continued)**

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Company invests in financial instruments that are not traded in an active market. The fair value of such instruments is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The valuation techniques used to estimate the fair values of the financial instruments are described in note 13.

###### **Trade and settlement date accounting**

All purchases and sales of financial instruments are recognised on 'trade date', i.e. the date that the Company commits to the purchase or sale of the financial instrument, and are within the timeframe generally established by convention.

###### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

###### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

###### **Foreign currency translation**

###### *a) Functional currency and presentation currency*

Items included in the financial statements of the Company are measured using the currency in which the Notes are issued (the Company's "Functional Currency"). The financial statements are presented in Euros (€) which is deemed to be the Company's Functional and Presentation Currency.

###### *b) Transactions and balances*

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

###### **Transaction fees receivable**

The Company under the terms of the fees and expenses letter is entitled to receive an annual transaction fee of £1,000 receivable quarterly in arrears.

###### **Share capital**

Ordinary shares are classified as equity.

###### **Revenue recognition**

Financial assets and financial liabilities held at fair value through profit or loss are marked to fair value. As a result, both realised and unrealised gains and losses resulting from changes in fair value are taken to the statement of comprehensive income. These fair values do not include accruals for interest. Therefore, interest income and expense disclosed in the statement of comprehensive income is recognised on an effective interest rate basis to include this element.

###### **Dividend distributions**

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Directors.

###### **Segmental reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform a regular review of the operating results of the Company and make decisions using financial information at the entity level. Accordingly, the Directors believe that the Company has only one operating segment.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day to day management of the business including the decisions to purchase and sell securities to other parties both internal and external to the Company. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. The Directors retain full responsibility as to the major allocation decisions of the Company.

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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD ENDED 31ST OCTOBER 2014**

<b>2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b><u>31st Oct 14</u></b>	<b><u>30th Apr 14</u></b>
	<b>€</b>	<b>€</b>
<b>Deposits with The Royal Bank of Scotland N.V.</b>		
- Rente Plus Notes 3	22,000,000	135,000,000
- Rente Plus Notes 4	13,000,000	60,000,000
	<u>35,000,000</u>	<u>195,000,000</u>
	<u>35,000,000</u>	<u>135,000,000</u>
Current	-	60,000,000
Non-current	<u>35,000,000</u>	<u>195,000,000</u>

The Deposits bear interest at the 3 month Euribor.

<b>3. DERIVATIVE INSTRUMENTS</b>	<b><u>31st Oct 14</u></b>	<b><u>30th Apr 14</u></b>
	<b>€</b>	<b>€</b>
<b>Derivative assets</b>		
Collateral Swap Transaction re. Rente Plus Notes 3	366,266	4,939,558
Collateral Swap Transaction re. Rente Plus Notes 4	357,618	2,832,880
	<u>723,884</u>	<u>7,772,438</u>
	<u>723,884</u>	<u>4,939,558</u>
Current	-	2,832,880
Non-current	<u>723,884</u>	<u>7,772,438</u>
<b>Derivative liabilities</b>		
Portfolio Credit Default Swap re. Rente Plus Notes 3	38,688	1,030,156
Portfolio Credit Default Swap re. Rente Plus Notes 4	39,600	370,002
	<u>78,288</u>	<u>1,400,158</u>
	<u>78,288</u>	<u>1,030,156</u>
Current	-	370,002
Non-current	<u>78,288</u>	<u>1,400,158</u>

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

#### **3. DERIVATIVE INSTRUMENTS - (CONTINUED)**

##### **Collateral Swaps**

Under the terms of the Collateral Swap Agreement relating to the Rente Plus Notes 3, The Royal Bank of Scotland N.V., London Branch ("RBS" or the "Swap Counterparty") is obliged to make the following annual payments: for the calculation period from and including 20th March 2008 to, but excluding, 20th March 2015, amounts calculated on a floating rate payable each 20th March, commencing on 20th March 2009 and ending on 20th March 2015. The floating rate is calculated based on the 5 year interpolated Dutch State Loan yield, subject to a minimum and maximum cap of 4.3% and 8% respectively. Under the terms of the Collateral Swap the Company is obliged to make payments to the Swap Counterparty equal to any amount receivable by or on behalf of the Company from time to time in the nature of interest, principal or any like payment in respect of the Collateral.

Under the terms of the Collateral Swap Agreement relating to the Rente Plus Notes 4, the Swap Counterparty is obliged to make the following annual payments: for the calculation period from and including 20th June 2008 to, but excluding, 20th June 2015, amounts calculated on a floating rate payable each 20th June, commencing on 20th June 2009 and ending on 20th June 2015. The floating rate is calculated based on the 5 year Euribor Swap Rate, subject to a minimum and maximum cap of 4.3% and 8% respectively. Under the terms of the Collateral Swap the Company is obliged to make payments to the Swap Counterparty equal to any amount receivable by or on behalf of the Company from time to time in the nature of interest, principal or any like payment in respect of the Collateral.

##### **Credit Default Swaps**

The Company has two remaining Portfolio Credit Default Swaps with The Royal Bank of Scotland N.V., London Branch. Under the terms of the Portfolio Credit Default Swaps ("CDS"), the Company will be exposed to credit risk on the companies in the underlying reference portfolio relating to each agreement. The Company receives €nil premium under the terms of the Portfolio Credit Default Swaps. However, this €nil premium was taken into account when pricing the Collateral Swap Agreements, which were entered into on the same date and with the same Swap Counterparty.

The Series 3 Notes may be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant Portfolio Credit Default Swap transaction. In respect of the first thirteen credit events the cash settlement amount shall be zero. In respect of the fourteenth, fifteenth, and sixteenth credit events the cash settlement amounts shall be €45,000,900, €44,999,550, and €44,999,550 respectively.

The Series 4 Notes may also be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant Portfolio Credit Default Swap transaction as further described in note 7.

As at the reporting date there had been 8 credit events in respect of Rente Plus Notes 3 and 9 credit events in respect of Rente Plus Notes 4. The credit events in respect of the Rente Plus Notes 3 relate to Delphi Corporation, Quebecor World Inc., Federal National Mortgage Association, Federal Home Loan Mortgage Association, Washington Mutual Inc., Ambac Assurance Corporation, General Motors Corporation and Takefuji Corporation. The credit events in respect of the Rente Plus Notes 4 relate to Dana Corporation, Quebecor World Inc., Federal National Mortgage Association, Federal Home Loan Mortgage Association, Washington Mutual Inc., Ambac Assurance Corporation, General Motors Corporation, Eastman Kodak Company and Takefuji Corporation.

## RENTE PLUS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD ENDED 31ST OCTOBER 2014

#### 3. DERIVATIVE INSTRUMENTS - (CONTINUED)

##### Credit Default Swaps - (continued)

On the 19th December 2008, Standard & Poor's lowered its long and short-term counterparty credit ratings on ABN AMRO Bank N.V. (the "Downgrade").

On the 19th January 2009 the Company entered into a Credit Support Annex, supplemental to the ISDA Master Agreement, with ABN AMRO Bank N.V. whereby pursuant to the Terms and Conditions, as a result of the Downgrade, ABN AMRO Bank N.V. (as swap counterparty) were required to post Collateral in support of its obligations as Swap Counterparty in relation to the Notes.

On 6th February 2010, ABN AMRO Bank N.V. changed its name to The Royal Bank of Scotland N.V.

The Collateral was posted to and is held by the Bank of New York Mellon. The Bank of New York Mellon (as Trustee) and Standard & Poor's (as Rating Agency) confirmed that the amount of the Collateral posted by the Swap Counterparty was sufficient in their respective views to comply with the downgrade provisions of the Terms and Conditions.

Standard & Poor's (as Rating Agency) has rated the Notes as follows; CCC- (30th April 2014: CCC-) for Rente Plus Notes 3 and B+ (30th April 2014: B+) for Rente Plus Notes 4.

During the period the notional amounts of the derivative financial instruments have been reduced to €22,000,000 for Rente Plus Notes 3 (30th April 2014: €135,000,000) and €13,000,000 for Rente Plus Notes 4 (30th April 2014: €60,000,000).

#### 4. TRADE AND OTHER RECEIVABLES

	<u>31st Oct 14</u>	<u>30th Apr 14</u>
	€	€
Investment income receivable	3,269	68,624
Derivative income receivable	784,153	2,866,667
Transaction fees receivable	1,915	1,218
	<u>789,337</u>	<u>2,936,509</u>

#### 5. CASH AND CASH EQUIVALENTS

	<u>31st Oct 14</u>	<u>30th Apr 14</u>
	€	€
RBS Sterling Deposit account	9,283	8,945
Sanne Fiduciary Services Limited client account	3	2
	<u>9,286</u>	<u>8,947</u>



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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD ENDED 31ST OCTOBER 2014**

<b>6. SHARE CAPITAL</b>	<b><u>31st Oct 14</u></b>	<b><u>30th Apr 14</u></b>
AUTHORISED:	<b>£</b>	<b>£</b>
10,000 ordinary shares of £1 each	10,000	10,000
ISSUED AND FULLY PAID:	<b>€</b>	<b>€</b>
2 ordinary shares of £1 each	3	3

Holders of the ordinary shares are entitled to receive notice of, and vote at, general meetings of the Company and to receive dividends as may be declared by the Directors from time to time.

<b>7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b><u>31st Oct 14</u></b>	<b><u>30th Apr 14</u></b>
	<b>€</b>	<b>€</b>
€22,000,000 (30th April 2014: €135,000,00) Rente Plus Notes 3 due	22,327,578	138,909,402
€13,000,000 (30th April 2014: €60,000,00) Rente Plus Notes 4 due	13,318,018	62,462,878
	35,645,596	201,372,280
Current	35,645,596	138,909,402
Non-current	-	62,462,878
	35,645,596	201,372,280

The Company has issued €135,000,000 Rente Plus Notes 3 due 2015 (the "Series 3 Notes"). The Series 3 Notes are in bearer form and in the denomination of €1,000 per Note. The Series 3 Notes are credit linked Notes and the principal amount of the Notes may be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant Portfolio Credit Default Swap transaction. In respect of the first thirteen credit events the cash settlement amount shall be zero. In respect of the fourteenth, fifteenth, and sixteenth credit events the cash settlement amount shall be €45,000,900, €44,999,550, and €44,999,550 respectively. On 14th May 2014, the Company repurchased €113,000,000 in principal amount of the Series 3 Notes for an aggregate amount of €117,053,804 resulting in a net gain of €4,053,804.

The Company has issued €60,000,000 Rente Plus Notes 4 due 2015 (the "Series 4 Notes"). The Series 4 Notes are in bearer form and in the denomination of €1,000 per Note. The Notes are credit linked Notes and the principal amount of the Notes may be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant Portfolio Credit Default Swap transaction. Each Notional Cash Settlement Amount is calculated as: the greater of (a) zero and (b) the product of (i) the relevant reference entity notional amount and (ii) the result of (A) the reference price minus (B) the weighted average final price. Cash Settlement Amounts will occur should the aggregate Notional Cash Settlement Amounts exceed the Threshold Amount of €274,285,714, the Cash Settlement Amount being calculated as the excess of the aggregate Notional Cash Settlement Amounts over the Threshold Amount. The maximum aggregate Cash Settlement Amount is €60,000,000.00. On 14th May 2014, the Company repurchased €47,000,000 in principal amount of the Series 3 Notes for an aggregate amount of €50,739,638 resulting in a net gain of €3,739,638.

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## RENTE PLUS COMPANY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD ENDED 31ST OCTOBER 2014

#### 7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

The Series 3 Notes are debt securities with a term of 10 years, bearing a fixed coupon of 4.3% p.a. for the first three years and a floating rate coupon thereafter. The floating rate coupon will be determined by reference to the 5 year interpolated Dutch State Loan yield, subject to a minimum rate of 4.3% and a maximum rate of 8%. The floating rate coupon will be set at the beginning of each coupon period and paid in arrears.

The Series 4 Notes are debt securities with a term of 10 years, bearing a fixed coupon of 4.3% p.a. for the first three years and a floating rate coupon thereafter. The floating rate coupon will be determined by reference to the 5 year Euribor Swap Rate, subject to a minimum rate of 4.3% and a maximum rate of 8%. The floating rate coupon will be set at the beginning of each coupon period and paid in arrears.

As at the reporting date, there had been 8 credit events in respect of Rente Plus Notes 3 and 9 credit events in respect of Rente Plus Notes 4 as disclosed in note 3.

On the scheduled final maturity dates, the final maturity amounts shall be determined as follows:

(i) if a withheld amount has not been determined under the conditions of the Notes, an amount equal to the principal amount outstanding of the Notes on the final exchange date, subject to any reduction thereto on such date: or

(ii) if a withheld amount has been determined under the conditions of the Notes, an amount equal to the principal amount outstanding of the Notes on the final exchange date minus an amount equal to the withheld amount.

#### 8. TRADE AND OTHER PAYABLES

	<u>31st Oct 14</u>	<u>30th Apr 14</u>
	€	€
Note interest payable	784,153	2,866,667
Derivative expense payable	3,269	68,624
	<u>787,422</u>	<u>2,935,291</u>

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

##### **9. TAXATION**

Profits arising in the Company are subject to Jersey Income Tax, currently at a rate of 0% (30th April 2014: 0%).

##### **10. COMPANY EXPENSES**

All of the Company's administration expenses, including audit fees are met by a third party, The Royal Bank of Scotland Plc, and are therefore not reflected within these financial statements.

##### **11. CONTROLLING PARTY**

The Company is owned by Pavilion Trustees Limited as Trustee of the Rente Plus Company Trust, which is a charitable trust constituted under the laws of Jersey, Channel Islands. Control may be exercised by several parties, including the Trustee of the Rente Plus Company Trust and the Noteholders. In addition, the Notes have been issued in bearer form. Therefore in the opinion of the Directors, there is no identifiable single ultimate controlling party.

##### **12. RELATED PARTIES**

Each of G.P. Essex-Cater, H.C. Grant and C.D. Ruark is a Director of Sanne Corporate Services Limited, a company which provides administration services to the Company at commercial rates.

C.D. Ruark is also a Director of Sanne Secretaries Limited, a company which provides secretarial services to the Company at commercial rates.

##### **13. FINANCIAL INSTRUMENTS**

###### **Strategy in using financial instruments**

As stated in the Report of the Directors, the principal activity of the Company is limited to the issue of Notes in series under the terms of the Rente Plus Company Limited Recourse Secured Debt Issuance programme. The proceeds from the issue of the Notes have been used to acquire collateral and to enter into Collateral Swap and Portfolio Credit Default Swap transactions with RBS. Therefore the role of financial assets and financial liabilities is central to the activities of the Company. The financial liabilities provided the funding to purchase the Company's financial assets. Financial assets and liabilities provide the majority of the assets and liabilities of the Company along with all of the income and expense.

## RENTE PLUS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD ENDED 31ST OCTOBER 2014

#### 13. FINANCIAL INSTRUMENTS - (CONTINUED)

##### Strategy in using financial instruments - (continued)

The collateral assets serve as collateral under the swap transactions that the Company has entered into with RBS, and also generate the income required to fund the Note coupons payable. All income and principal amounts receivable on the collateral assets are payable to the Swap Counterparty under the terms of the Collateral Swaps.

The strategies used by the Company in achieving its objectives regarding the use of its financial assets and liabilities were set when the Company entered into the transactions. The Company has matched the properties of its financial liabilities to its assets to avoid significant elements of risk generated by mismatches of investment performance against its obligations, together with any credit, liquidity and market risks, as applicable.

##### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The most significant credit risk lies in the underlying obligations and the Company relies on their performance and on the Swap Counterparty, under the CDS, to enable the Company to meet its obligations under the Notes. The Notes are rated by a rating agency and procedures include a review of the collateral held by the Company on a regular basis, hence providing the Company with an effective means of monitoring credit risk via this assessment.

Despite the downgrade disclosed in note 3, RBS was able to post sufficient collateral according to the terms of the Swap Agreements to allow the credit ratings of the Notes to remain unchanged. Due to the limited recourse nature of the Notes issued by the Company, it is the Noteholders that ultimately bear the credit risk that the Collateral will fail to perform.

The Company's maximum exposure to credit risk is as follows:

	<u>31st Oct 14</u>	<u>30th Apr 14</u>
	€	€
Deposit with The Royal Bank of Scotland N.V.	35,000,000	195,000,000
Derivative assets	723,884	7,772,438
Trade and other receivables	789,337	2,936,509
Cash and cash equivalents	9,286	8,947
	<u>36,522,507</u>	<u>205,717,894</u>

##### Interest rate risk

Interest rate risk occurs when there is a mismatch between the interest rates of the Company's assets and liabilities.

The Company primarily finances its operations through the issue of Notes upon which interest is payable. Under the Collateral Swaps, amounts equal to the coupons received from the collateral are paid to the Swap Counterparty. In turn, the Swap Counterparty pays to the Company amounts equal to its obligations to pay interest due on the Notes. Accordingly, the Directors believe that there is no net interest rate risk to the Company. Any interest rate risk is borne by the Noteholders.

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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD ENDED 31ST OCTOBER 2014****13. FINANCIAL INSTRUMENTS - (CONTINUED)****Interest rate risk - (continued)**

The interest rate profile of the Company's financial assets and liabilities is as follows:

Financial assets	Interest charging basis	<u>31st Oct 14</u>		<u>30th Apr 14</u>	
		Effective interest rate %	Amount €	Effective interest rate %	Amount €
Collateral assets	Fixed and Floating	see below	35,000,000	see below	195,000,000
Derivative instruments	Non-interest bearing	see below	723,884	see below	7,772,438
			<hr/>		<hr/>
			35,723,884		202,772,438
			<hr/>		<hr/>
Financial liabilities	Interest charging basis	<u>31st Oct 14</u>		<u>30th Apr 14</u>	
		Effective interest rate %	Amount €	Effective interest rate %	Amount €
Notes	Fixed and Floating	1.07%	35,645,596	4.30%	201,372,280
Derivative instruments	Non-interest bearing	see below	78,288	see below	1,400,158
			<hr/>		<hr/>
			35,723,884		202,772,438
			<hr/>		<hr/>

The effective interest rate disclosed above has been presented as the effective coupon rate payable on the Notes as at the reporting date. In the Directors' opinion, it is not feasible to present a relevant interest rate attributable to the derivative transactions as these transactions must be considered together with the collateral assets to form the Collateral. Therefore the effective interest rate for the Collateral (being the aggregate of the deposit, Collateral Swap and Portfolio Credit Default Swap) is estimated to be equal to the effective coupon rate payable on the Notes as at the statement of financial position date. Accordingly, in the Directors' opinion, it is not relevant to include cash and cash equivalents, trade and other receivables and trade and other payables in the above disclosure, as they are not interest bearing.

**Currency risk**

Currency risk occurs when there is a mismatch between the currencies of the Company's assets and liabilities. All of the Company's significant assets and liabilities are denominated in Euros. Consequently, the Directors believe that there is no material currency risk to the Company.

# RENTE PLUS COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

### FOR THE PERIOD ENDED 31ST OCTOBER 2014

#### 13. FINANCIAL INSTRUMENTS - (CONTINUED)

##### Fair values

The Company's financial instruments are stated at their estimated fair values.

	<u>31st Oct 14</u>		<u>30th Apr 14</u>	
Primary financial instruments	Carrying value	Fair value	Carrying value	Fair value
	€	€	€	€
Collateral assets	35,000,000	35,000,000	195,000,000	195,000,000
Collateral Swap	-	723,884	-	7,772,438
Credit Default Swap	-	( 78,288)	-	( 1,400,158)
Notes	( 35,000,000)	( 35,645,596)	( 195,000,000)	( 201,372,280)

The fair value of the Notes in issue and the derivative financial instruments, are determined by RBS using specialist valuation software and models which are subject to model validation and various model inputs. The fair value of the deposits with RBS are estimated to be approximately equal to the nominal value. The Collateral Swap is valued using discounted cash flow techniques. The Portfolio Credit Default Swap, which is classified as Level 3, is valued using a standardised market credit default swap model in combination with a Guassian Copula valuation model. The key unobservable input in the valuation of the Portfolio Credit Default Swap is default correlation. No sensitivity has been presented on the basis that any movement in the value of the Portfolio Credit Default Swap due to unobservable inputs will create an equal and opposite movement in the Notes.

As explained in note 7, financial liabilities consist of Notes which are of limited recourse in separate series, and each such series is separately secured by a charge on assets acquired and other agreements entered into such as the Portfolio Credit Default Swap and Collateral Swap agreements (together the "Collateral"), to fund the Company's payment obligations on each series. The fair value for each separate series of Notes is equal to the net fair value of the Collateral.

In the Directors' opinion the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables are reasonable approximations of the fair value of such financial instruments.

##### Fair value hierarchy

The Company's financial instruments by level of fair value measurements hierarchy are presented below.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>31st October 2014</b>				
Collateral assets	35,000,000	-	-	35,000,000
Collateral Swap	-	723,884	-	723,884
Credit Default Swap	-	-	( 78,288)	( 78,288)
Notes	-	-	( 35,645,596)	( 35,645,596)

## RENTE PLUS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD ENDED 31ST OCTOBER 2014

#### 13. FINANCIAL INSTRUMENTS - (CONTINUED)

##### Fair value hierarchy - (continued)

	Level 1	Level 2	Level 3	Total
30th April 2014	€	€	€	€
Collateral assets	195,000,000	-	-	195,000,000
Collateral Swap	-	7,772,438	-	7,772,438
Credit Default Swap	-	-	( 1,400,158)	( 1,400,158)
Notes	-	-	( 201,372,280)	( 201,372,280)

There were no transfers between level 1 and level 2 during the period or in the prior year.

There were no movements in or out of level 3 during the period or in the prior year.

A reconciliation of all movements during the year in the fair value of financial instruments categorised within level 3 is presented below.

	Notes	Credit Default Swap
31st October 2014	€	€
Opening balance	( 201,372,280)	( 1,400,158)
Repurchases of Notes	160,000,000	-
Reduction of notional and fair value movement recognised in the statement of comprehensive income	5,726,684	1,321,870
Closing balance	( 35,645,596)	( 78,288)

##### Fair values - sensitivity analysis

As disclosed above, in the Director's opinion, there is no significant difference between the fair value of the Notes and the fair value of the Collateral assets and derivative contracts. From the perspective of the Company, any change in the fair value of the Notes would be matched by an almost equal and opposite change in the fair value of the Collateral assets and derivative contracts. Consequently the Company is not exposed to any significant net market price risk. Also as disclosed above, in the Director's opinion, there is no significant net interest rate risk to the Company, nor is there any significant currency rate risk to the Company.

IFRS 7 requires disclosure of "a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date."

As stated, whilst the financial instruments held by the Company are separately exposed to interest rate risk and market price risk, the profit or loss and equity of the Company is not exposed to any significant net interest rate or market price risk. Therefore, in the Director's opinion, no sensitivity analysis is required to be disclosed.

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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD ENDED 31ST OCTOBER 2014****13. FINANCIAL INSTRUMENTS - (CONTINUED)****Maturity of financial assets and liabilities**

The maturity profile of the Company's financial assets and liabilities is as follows:

	<u>31st Oct 14</u>		<u>30th Apr 14</u>	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	€	€	€	€
In less than one year	36,522,507	( 36,511,306)	142,885,014	( 142,874,849)
In more than one year but less than two years	-	-	62,832,880	( 62,832,880)
	<u>36,522,507</u>	<u>( 36,511,306)</u>	<u>205,717,894</u>	<u>( 205,707,729)</u>

**14. OPERATING SEGMENTS***Geographical information*

All the Company's revenues are generated from external sources from the United Kingdom and Channel Islands.

*Non-current assets*

The Company does not have non-current assets.

*Major investment company*

All of the Company's operating revenues apart from deposit interest income are derived from one entity.

**15. KEY MANAGEMENT PERSONNEL**

The key management personnel have been identified as being the Directors of the Company. The emoluments of the key management personnel are paid by the ultimate controlling party and other related parties who make no recharge to the Company.

It is therefore not possible to make a reasonable apportionment of their emoluments in respect of the Company. Accordingly, no emoluments in respect of the Directors applicable to the Company have been disclosed.



## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD ENDED 31ST OCTOBER 2014**

##### **16. CAPITAL MANAGEMENT**

The Company's transactions are designed to enable the Company to pay its liabilities as they fall due, without realising a return on capital. The level of income and expense relating to the assets, liabilities and derivative instruments were established on incorporation of the Company in order that the Company realises a net result of £nil each year, with the exception of transaction fees receivable, deposit interest income and exchange gains and losses.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

##### **17. SUBSEQUENT EVENTS**

In the opinion of the Directors, there are no significant events subsequent to the period end that are deemed necessary to be adjusted or disclosed in the financial statements.

