Charter Court Financial Services Limited

Annual report and financial statements for the year ended 31 December 2015

Registered number: 06749498

Charter Court Financial Services Limited

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Charter Court Financial Services Limited

Strategic report

Principal activities

The principal activities of the Company are the provision of mortgage administration services and the origination of first charge mortgages and secured loans within the UK residential mortgage sector. The Company originates mortgages and loans under the brand Precise Mortgages. On 6 January 2015 the Company received formal authorisation from the Prudential Regulation Authority ('PRA') to enter into retail deposit taking activities under the trading name of 'Charter Savings Bank'. On 2 March 2015 Charter Savings Bank started accepting retail deposits from consumers.

In order to achieve the opening capital and liquidity position for the company to enter into retail deposit taking activities, the company's parent Charter Court Financial Services Group Limited ("CCFSG") had to recapitalise itself and subscribe to new share capital in the company of £133.7m. Throughout 2016 Charter Savings Bank expanded its savings activity; diversified its product range and invested in advertising. Savings products are offered through the internet and include fixed and variable rate products. Retail deposits at 31 December 2015 had reached £1.56 bn (2014: £nil) and Charter Savings Bank won 5 awards including 'Best online savings provider'.

Business review

As shown in the Statement of Comprehensive Income on page 13, the profit after taxation for the year increased from £4,248k to £19,448k. Total income increased from £21,425k to £59,537k. The drivers of increased revenue were growth in its mortgage origination activity as well as a gain made on completion of a securitisation as described below.

As shown in the Statement of Financial Position on page 14, the net assets of the Company increased from £9,400k to £151,487k. A dividend of £nil has been paid in respect of the year (2014: £13,261k).

In March 2015 and July 2015 the Group issued its fourth and fifth public securitisations of mortgages through the special purpose vehicles, Precise Mortgage Funding 2015-1 Plc ("PMF 2015-1") and Precise Mortgage Funding 2015-2B Plc ("PMF 2015-2B"). The Company held no investment in these securitisation structures and therefore fully derecognised the mortgage assets within the Company's Statement of Financial Position in accordance with applicable accounting standards. A £10m profit is included within the Statement of Income for the sale of PMF 2015-2B as it was sold externally to the Group. In November 2015 the Group issued its sixth securitisation of residential mortgages through a special purpose vehicle Precise Mortgage Funding 2015-3R Plc ("PMF 2015-3R"). This was not held publically and as such all the risks and rewards are retained by the Company, therefore the Company's Statement of Financial Position does not show the investment in this securitisation.

During the year the company diversified its funding base by completing further securitisations, accepting retail deposits and entering into a new uncommitted wholesale funding facility with a tier 1 investment bank.

Future developments

Precise Mortgages brand

From a lending perspective we have a full and ongoing program of new product development that is expected to deliver ongoing enhancements to existing product sectors and widen our proposition into new markets throughout 2016 and into the following years.

Charter Court Financial Services Limited

Strategic report (continued)

Future developments (continued)

Charter Savings Bank

Within the savings business we continue to explore opportunities to further diversify our retail funding, seeking out new products and channels to reduce our cost of funds.

Exact Mortgage Experts brand

We continue to seek additional servicing contracts to compliment our current activities and a new third party contract for servicing of loans commenced in February 2016.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks and uncertainties; primarily credit risk, liquidity risk, interest rate risk, market risk, operational risk and franchise risk which are explained in more detail below:

Credit Risk

Credit risk is the risk of financial loss arising from the failure of a customer or counterparty to settle their financial and contractual obligations as they fall due. Financial assets of the Company consist of loans and receivables made up of residential mortgages, trade and other receivables and cash and cash equivalents.

Credit risk arises on residential mortgages, trade and other receivables and cash and cash equivalents.

The assets of the Company subject to credit risk are set out below:

Class	**2015 £'000**	**2014 £'000**
Residential mortgages	604,946	-
Residential mortgages held in:		
PMF No.1 Plc	93,426	153,275
PMF 2014-1 Plc	204,388	230,975
PMF 2014-2 Plc	217,849	229,353
PMF 2015-3R Plc	515,886	-
Buttermere Plc	-	113,247
CCFS Warehouse No.1 Plc	115,563	-
	1,752,058	726,850

For mortgages held in PMF No.1 Plc, PMF 2014-1 Plc and PMF 2014-2 Plc the Company's credit risk is limited to 5% holdings in each securitisation. There is also exposure to losses in income through excess spread being otherwise used to cure principal losses. The Company's credit position is subordinated within each deal, therefore its exposure is limited to the first 5% of each deal's credit losses and loss expectations are significantly less than 5%. For mortgages held in Buttermere Plc the Company is also exposed to losses arising through excess spread. For mortgages held in PMF 2015-3R Plc and CCFS Warehouse No.1 Plc the Company is exposed to 100% of losses.

At 31 December 2015, the average loan to value percentage of underlying mortgage assets to which the loans relate was 68% (2014: 71%) and only £94,000 (2014: £29,000) of the total balance represented arrears (amounts quoted being the actual amount in arrears). The estimated fair value of collateral held against residential mortgages is £3,616,460k (2014: £1,141,896k).

Charter Court Financial Services Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Credit Risk (continued)

Analysis of loans by LTV

Current LTV	2015 £'000	2014 £'000
≥ 80%	316,174	171,417
70 to 80%	732,708	329,848
60-70%	317,680	119,347
<60%	385,496	106,238
	1,752,058	726,850

The Company offers secured borrowers who are in financial difficulties a range of account management and forbearance options including capitalisation of arrears, temporary interest only concessions, payment holidays and term extensions.

The table below presents an analysis of residential mortgages subject to forbearance indicators at 31 December 2015.

	2015 No. of accounts	2015 Balance £'000	2014 No. of accounts	2014 Balance £'000
Accounts past due				
Accounts past due	25	3,159	-	-
Temporary interest only	7	749	-	-
Accounts not past due				
Arrangements	32	5,357	19	2,390
Term extensions	1	139	-	-

The arrangements in place at the year end are arrangements in place to pay back arrears amounts. There was 1 case (2014: no cases) that had a formal extension agreed amounting to £139,000 (2014: £nil) and 64 cases (2014: no cases) with an informal extension agreed amounting to £16,074,000 (2014: £nil). Only 1 loan (2014: none) with an outstanding balance of £407,000 has a missed payment.

Away from secured lending, the Company's customers are primarily large financial institutions and there is no significant history of credit/bad debt losses and no provisions have been made for bad or doubtful receivables. Details of trade and other receivables are shown in note 18.

The Company's cash balances are held in sterling at London banks in current accounts. Further details of cash and cash equivalents are shown in note 18.

Charter Court Financial Services Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Liquidity Risk

Liquidity risk is the risk that CCFS fails to meet its financial obligations as they fall due, whereas funding risk is the adverse impact of higher funding costs and/or lack of available funds on CCFS' cash flow.

Liquidity and funding risks are centrally managed by Treasury on behalf of the Company in line with group policies and risk appetites, and any regulatory guidance.

CCFS has adequate funding sources and a diversified funding base, including retail funding (Retail Deposits), wholesale funding (Securitisation, Repo Lines and an uncommitted funding facility provided by a tier 1 investment bank), as well as access to the Bank of England's liquidity facilities.

The contractual maturity of retail deposits is analysed in note 22.

Interest rate risk

The Company manages interest rate risk, the risk that interest margins will be adversely affected by movements in market interest rates, by maintaining floating rate liabilities and matching those with floating rate assets, and hedging fixed rate assets through the purchase of interest rate swaps from large financial institutions with strong credit ratings. Interest Rate Risk is managed to ensure that the value at risk does not exceed 2% of capital resources or that earnings at risk do not exceed 5% of projected earnings in the following twelve months.

Interest rate sensitivity analysis

In measuring the impact of the Company's position at year end, account is taken of the Company's assets, liabilities and derivatives and their maturity and repricing arrangements. Account is also taken of pipeline and repayments. The impact on the expected profitability of the Company in the next 12 months of a 2% parallel shift in interest rates prevalent at the year end is set out below.

	2015 £'000	2014 £'000
+ 2%	(1,068)	(3,072)
- 2%	552	3,072

This is due to the Company's net exposure to interest rates on its floating rate mortgage assets, floating rate investements, floating rate savings products and floating rate borrowings.

Market risk

Market risk is managed by ensuring Treasury counterparties meet minimum external credit ratings and individual exposures to single counterparties are assigned against the underlying instruments, such as cash or derivative exposures which are used to manage risk, or provide liquidity.

As part of the Liquidity and Treasury Investment Policies, CCFS holds cash balances at central banks, and in high quality assets such as residential mortgage backed securities ("RMBS") which meet minimum rating requirements. These investments are held to maturity and therefore not part of any trading portfolio.

Principal risks and uncertainties (continued)

Market risk (continued)

Regulatory change is also monitored as part of the responsibilities within the Treasury Risk oversight.

Franchise Risk

The Company provides a number of services, including the provision of mortgage lending, to the UK mortgage market.

Whilst lending activity continues to grow within the UK mortgage market, the Company's ability to meet their future trading forecasts is partially dependent upon any future changes in the level of activity in the economy and mortgage market as a whole.

However, the directors believe that the Company's products and services are targeted at specific segments of the market and are confident that growth can be achieved independently of changes in market activity levels.

The Group also offers retail deposits through its Charter Savings Bank brand, providing an online proposition to UK savers. The market is established, large and growing and so is the bank's share of it. However, it is possible that negative press (either market-wide or idiosyncratic) can affect the bank's ability to attract targeted inflows but the directors believe that with a combination of PR management, customer communications and pricing activity, this risk can be managed.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

CCFS has an Operational risk management framework to support the identification, measurement, management and reporting of Operational risks.

Operational risk is managed and controlled by senior management having the responsibility for understanding the operational risks within their respective business area and for putting in place appropriate controls and mitigating actions to further strengthen the control environment.

Compliance with regulatory requirements imposed by the Financial Conduct Authority and the Prudential Regulation Authority is monitored by the Director of Legal and Compliance and reported to the Operational and Conduct Risk Committee and the Board Risk Committee.

Charter Court Financial Services Limited

Strategic report (continued)

Performance and position

Key Performance Indicators (KPIs)

Financial

	2015	2014
Return on capital employed (1)	16.3%	13.7%
Operating profit margin (2)*	28.1%	6.0%
Deposits held	£1,562,509k	-

*excludes gain on sale to securitisation

Non Financial		
Number of mortgage and loan originations	9,595	3,759
Number of savings customers	30,650	-
Number of loans held in CCFS	4,249	-
Number of loans held in PMF No.1 Plc	805	1,266
Number of loans held in PMF 2014-1 Plc	1,545	1,717
Number of loans held in PMF 2014-2 Plc	1,418	1,483
Number of loans held in PMF2015-3R Plc	3,000	-
Number of loans held in Buttermere Plc	-	748
Number of loans held in CCFS Warehouse No.1 Plc	718	-

Performance and position (continued)

Key Performance Indicators (KPIs) (continued)

1 - Return on capital employed = Operating result as a percentage of capital employed

Operating profit is per the Statement of Comprehensive Income.

Capital employed being intangible assets plus property improvements, fixtures and fittings plus trade and other payables plus cash and cash equivalents less trade and other payables.

The purpose of this measure is to show how efficiently the Company is making use of resources available to it.

2 – Operating profit margin

Operating profit and revenue are as per the Statement of Comprehensive Income in the financial statements. Management use operating profit margin to control the costs and expenses associated with their normal business operations.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the impact on the environment include recycling and reducing energy consumption.

Charter Court Financial Services Limited

Strategic report (continued)

Going concern

The directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Employees

The Company has no employees (2014: none). All operational services have been formally contracted to other group companies.

Approval

This report was approved by the board of directors and signed on its behalf by:

Ian-Martin Lonergan (Chief Executive Officer)
2 Charter Court,
Broadlands,
Wolverhampton,
West Midlands,
WV10 6TD

20 April 2016

Charter Court Financial Services Limited

Directors' report

The directors present their annual report, together with the audited financial statements and auditor's report, for the year ended 31 December 2015.

Going concern

The statement of financial position shows a net current liability position of £569,264k at 31 December 2015 largely as a result of retail deposits repayable within one year. The liquidity exposure represented by these deposits is monitored, a process supervised by the Assets and Liabilities Committee. The company holds liquid assets above the regulatory limit to ensure sufficient headroom is available. At 31 December 2015 the company held £590m of liquid assets consisting of £461m of bank of England reserves, £125m of short term investments and £4m of cash.

The Group also have access to an uncommitted wholesale funding facility provided by a tier 1 investment bank, as well as access to the Bank of England's funds using PMF 2015-3R notes as collateral.

Detailed plans are produced quarterly with longer term forecasts covering a 12 month period. These plans provide information to the directors and investors, which is used to ensure the adequacy of resources available for the company to meet its business objectives, both on a short term and strategic basis. Longer term forecasts are also produced for capital resource planning.

After making enquiries, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors

The directors, who served throughout the year and to the date of this report, were as follows:

Name of director	
Steven Howard Kasoff (resigned 6 January 2015)	Chairman
Ian Martin Lonergan	Chief Executive Officer
John Edward Nixon (resigned 6 January 2015)	Chief Operating Officer
Alan Vincent Cleary (resigned 6 January 2015)	Managing Director
Philip Anthony Jenks	Chairman
Jean Sebastien Maloney	Chief Financial Officer
Timothy Tracy Brooke (appointed 6 January 2015)	Independent Non-Executive Director
Ian William Ward (appointed 6 January 2015)	Independent Non-Executive Director
Ian Douglas Wilson (appointed 6 January 2015, resigned 24 November 2015)	Chief Risk Officer
Peter Charles Elcock (appointed 24 November 2015)	Chief Risk Officer

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Charter Court Financial Services Limited

Directors' report

Capital structure

Details of issued share capital of the Company, together with details of movements in issued share capital in the year, are given in note 26 to the accounts. The Company has one class of ordinary shares which carries no right to fixed income. The rights and obligations attaching to ordinary shares are set out in the Articles of Association of the Company.

Auditor

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

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

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

Deloitte LLP was appointed as auditor for the year and has indicated its willingness to continue in office as auditor.

Ian Martin Lonergan (Chief Executive Officer)
2 Charter Court,
Broadlands,
Wolverhampton,
West Midlands,
WV10 6TD

20 April 2016

Charter Court Financial Services Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

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

Independent auditor's report to the members of Charter Court Financial Services Limited

We have audited the financial statements of Charter Court Financial Services Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 39. 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.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and 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 Charter Court Financial Services Limited (continued)

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.

K. J. Cooper

Kieren Cooper (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom

20 April 2016

Charter Court Financial Services Limited

Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Continuing operations			
Interest receivable and similar income	5	97,331	36,587
Interest expense and similar charges	6	(54,957)	(20,456)
Net interest income		42,374	16,131
Non-interest revenue	7	5,903	5,294
Gain on sale to securitisation		10,993	-
Net gains from derivative financial instruments	8	267	-
Total income		59,537	21,425
Administrative expenses		(34,907)	(20,139)
Operating profit	9	24,630	1,286
Impairment losses	17	(475)	(32)
Profit before tax		24,155	1,254
Tax	12	(4,707)	2,994
Profit after tax		19,448	4,248
Other comprehensive income for the year		-	-
Total comprehensive income for the year		19,448	4,248
Attributable to:			
Equity holders		19,448	4,248

The notes on pages 17 to 51 form an integral part of the financial statements.

Charter Court Financial Services Limited
Statement of Financial Position
As at 31 December 2015

	Note	2015 £'000	2014 £'000
Non-current assets			
Intangible assets	13	375	323
Property, fixtures and equipment	14	785	794
Loan notes receivable	15	47,611	31,893
Debt securities	16	125,389	-
Loans and advances to customers	17	1,567,501	722,924
		1,741,661	755,934
Current assets			
Loans and advances to customers	17	179,322	-
Trade and other receivables	18	5,445	4,679
Deferred deal costs	18	2,142	3,808
Deferred tax asset	25	-	2,994
Cash and cash equivalents	18	482,473	6,066
Derivative financial instruments	19	1,133	-
Other assets held at fair value	18	269	175
		670,784	17,722
Total assets		2,412,445	773,656
Current liabilities			
Trade and other payables	20	(5,786)	(37,406)
Deposits from banks	21	(60,094)	-
Deposits from customers	22	(1,172,832)	-
Derivative financial instruments	19	(1,336)	-
		(1,240,048)	(37,406)
Non current liabilities			
Deemed loan due to Group undertakings	23	(631,226)	(726,850)
Deposits from customers	22	(389,677)	-
Deferred tax liability	25	(7)	
		(1,020,910)	(726,850)
Total liabilities		(2,260,958)	(764,256)
Net assets		151,487	9,400
Equity			
Share capital	26	2,870	2,870
Share premium	27	122,640	-
Retained earnings	28	25,978	6,530
AFS Reserve	29	(1)	-
Equity attributable to equity holders		151,487	9,400
Total equity		151,487	9,400

Company Number: 06749498

The financial statements were approved by the board of directors and authorised for issue on 20 April 2016. They were signed on its behalf by:

Ian Martin Lonergan
Chief Executive Officer

Jean Sebastien Maloney
Chief Financial Officer

Charter Court Financial Services Limited

Statement of Changes in Equity
For the year ended 31 December 2015

	Share Capital £'000	Share Premium £'000	Retained earnings £'000	AFS Reserve £'000	Total £'000
At 1 January 2014	**2,870**	**-**	**15,543**	**-**	**18,413**
Profit for the year	-	-	4,248	-	4,248
Dividends paid	-	-	(13,261)	-	(13,261)
At 1 January 2015	**2,870**	**-**	**6,530**	**-**	**9,400**
Share issue	-	133,740	-	-	133,740
Repayment of capital to parent company	-	(11,100)	-	-	(11,100)
Profit for the year	-	-	19,448	-	19,448
Fair value loss	-	-	-	(1)	(1)
At 31 December 2015	**2,870**	**122,640**	**25,978**	**(1)**	**151,487**

Charter Court Financial Services Limited

Statement of Cash Flows
For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Net cash generated in operating activities	31	951,320	39,123
Net cash utilised in investing activities	32	(486,045)	(528,590)
Net cash generated in financing activities	33	11,132	490,613
Net increase in cash and cash equivalents		476,407	1,146
Cash and cash equivalents at the beginning of the year		6,066	4,920
Cash and cash equivalents at end of year		482,473	6,066

Notes to the financial statements
For the year ended 31 December 2015

1. General information

Charter Court Financial Services Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 2 Charter Court, Broadlands, Wolverhampton, West Midlands WV10 6TD. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 7.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. There are currently no foreign operations.

2. Adoption of new and revised Standards

The Company has elected to adopt International Financial Reporting Standards as applied in the EU in force as at the Statement of Financial Position date of 31 December 2015.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IAS/IFRS standards

IFRS 9 (July 2014)	Financial Instruments
IFRS 15 (May 2014)	Revenue from contracts with customers
IFRS 10 (January 2016)	Consolidated Financial Statements
IAS 1 (amendments)	Disclosure Initiative
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
Annual Improvements to IFRSs: 2012-2014 Cycle	Amendments to: IFRS 3 Business Combinations, 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

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Company in future periods, except as that IFRS 9 will impact both the measurement and disclosures of Financial Instruments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The Company has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2010 – 2012 Cycle and the Annual Improvements to IFRSs 2011 – 2013 Cycle for the first time in the current year. The amendments are in the nature of clarifications rather than substantive changes to existing requirements and their adoption has not had any significant impact on the amounts reported in these financial statements.

3. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

Going concern basis

The statement of financial position shows a net current liability position of £569,264,000 at 31 December 2015 largely as a result of retail deposits repayable within one year. The liquidity exposure represented by these deposits is monitored, a process supervised by the Asset and Liability Committee. The company holds liquid assets above the regulatory limit to ensure sufficient headroom is available. At 31 December 2015 the company held £590m of liquid assets consisting of £461m of bank of England reserves, £125m of short term investments and £4m of cash.

The Group also have access to an uncommitted wholesale funding facility provided by a tier 1 investment bank, as well as access to the Bank of England's funds using PMF 2015-3R notes as collateral.

Detailed plans are produced quarterly with longer term forecasts covering a 12 month period. These plans provide information to the directors and investors, which is used to ensure the adequacy of resources available for the company to meet its business objectives, both on a short term and strategic basis. Longer term forecasts are also produced for capital resource planning.

After making enquiries, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of preparation

The Company's accounting reference date is 31 December so that the year end is co-terminus with its immediate parent Company and associated subsidiaries within the group for the purposes of preparing consolidated financial statements for the group. With the exception of Buttermere plc, which is classed as a subsidiary for accounting purposes only the Company has no subsidiaries. The Company has taken advantage of the exemption available under IFRS3 from preparing consolidated financial statements. Accordingly, these financial statements relate to the Company only.

Securitisation transactions

The Company has entered into a securitisation transaction in which it sells mortgages to special purpose entities (SPEs). In accordance with IAS 39 the Company recognises the securitised assets as loans and receivables and consequently also shows a deemed loan liability to the SPEs.

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

3. Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue from the rendering of services are recognised when the services are delivered and benefits are transferred to clients and customers. Turnover from services supplied is recognised upon completion of services on a monthly basis under the terms of contracts held with its key clients.

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of the Company is expressed in pounds sterling, which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at

the rates prevailing on the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise.

Borrowing costs

Borrowing costs are expensed to the income statement in the year in which they are incurred.

Operating Profit

Operating profit is stated after charging certain administrative expenses but before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Notes to the financial statements (continued)
For the year ended 31 December 2015

3. Accounting policies (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retail deposits

Retail deposits are carried in the Statement of Financial Position on an amortised cost basis. The initial fair value recognised represents the cash amount received from the customer.

Interest payable to the customer is expensed to the income statement as interest payable over the deposit term on an Effective Interest Rate ("EIR") basis.

Property, fixtures and equipment

Leasehold property improvements, fixtures and equipment and computer equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold property improvements	20% per annum
Fixtures and equipment	20% —33.3% per annum
Computer equipment	33.3% per annum

The net gain or loss arising on the disposal or retirement of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income or expenses.

3. Accounting policies (continued)

Intangible assets

Computer software and licences, which are not integral to specific related items of equipment, and trademarks are stated at cost less accumulated amortisation and any recognised impairment loss.

Amortisation is charged so as to write off the cost or valuation of assets over, their estimated useful lives, using the straight-line method, on the following bases:

Computer software and licences	33.3% per annum
Trademarks	25% per annum

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value though profit or loss' (FVTPL), 'held to maturity' investments, 'available for sale' (AFS) financial assets and 'loans and receivables'. The classification on the nature and purpose of the financial assets is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments*: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. Accounting policies (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Mortgage assets

Mortgage assets are classified as "Loans and Receivables" as defined by IAS 39 "Financial Instruments – Recognition and Measurement" and accounted for on an amortised cost basis using the effective interest rate method as described further below.

Effective interest rate

The effective interest rate is the method used to calculate the amortised cost of financial instruments and to recognise interest receivable or payable over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash flows (excluding credit losses) to zero through the expected life of the instrument. The main impact for the Company relates to mortgage advances where fees such as application fees and costs are incorporated into the calculation. This has the effect of spreading these fees and costs over the expected life of the mortgage. Expected lives are estimated using historical data and management judgment and the calculation is adjusted when actual experience differs from estimates with changes in deferred amounts being recognised immediately in the income statement.

Impairment of financial assets held at amortised cost

Financial assets are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Individually assessed loans and receivables

For loans that are considered individually significant, the Company assesses on a case by case basis if there is any evidence that a loan is impaired. All loans 90 days or more in arrears are classified as impaired and credit risk management will assess the likelihood of default and severity of loss should a default occur. A provision is made on this basis.

Collectively assessed loans and receivables

Impairment is assessed on a collective basis in the following circumstances:

- to estimate losses which have been incurred but have not yet been reported on loans subject to individual assessment; and
- to estimate losses for homogeneous groups of loans that are considered individually significant such as those with forbearance strategies on place or are in arrears.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Deemed loan

The mortgage assets originated and sold to Buttermere Plc, PMF No.1 Plc, PMF 2014-1 Plc and PMF 2014-2 Plc fail to meet the derecognition criteria of IAS 39 as Charter Court Financial Services Limited has retained significant risk and rewards of ownership and therefore these mortgage assets and the resulting deemed loan liability remains on the Statement of Financial Position.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to present value where the effect is material.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors 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 historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment losses on loans and receivables

Impairment losses on loans are calculated based on statistical models. Key assumptions are based on expected cash flows from borrowers after taking account of expected proceeds from realisable security. The key assumptions are based on historical data and market analysis.

The accuracy of impairment calculations will be affected by unexpected changes in the economic environment which could impact cash flows and borrower behaviour. Key economic factors which could result in losses exceeding that expected, to the extent that they vary from that assumed in management's impairment models, could be increases in unemployment and falling house prices.

Effective interest rates

In order to determine the effective interest rate applicable to loans an estimate must be made of the life of the loan and the cash flows attributable to it. Estimates are based on historical data and current market analysis. Estimates are reviewed regularly. The accuracy of the effective interest rates applied would be compromised by any differences in actual borrower behaviour and that predicted.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated lives

Loans and receivables are valued using the EIR method. The EIR method spreads the expected net income arising from a loan over its expected life. The EIR is that rate of interest which, at inception, exactly discounts the future cash payments and receipts arising from the loan to the initial carrying amount. A critical assumption in the calculation is the expected life, as this determines the assumed period over which customers may be paying various differentiated interest rates. The assumptions on expected life are based on the historic experience of similar products. These assumptions are monitored to ensure their ongoing appropriateness.

Derivative financial instruments

CCFS fair values its interest rate swaps using observable market data which is used to construct zero coupon curves and derive the necessary forward interest cash flows and discount rates. For balance guarantee swaps taken out to hedge interest rate risk on portfolios of fixed rate mortgages there is uncertainty regarding the future behaviour of the underlying mortgages which will affect the notional value at which a balance guarantee swap accrues and pays interest. Expectations of future behaviour of the underlying portfolios is reviewed periodically by management and factored into the balance guarantee swap's valuation calculations. Uncertainty regarding credit valuation adjustments for swaps is mitigated through the Group counterparties to swaps being bankruptcy remote structured finance vehicles which grants Secured Creditor rights to its swap counterparty and the requirement for CCFS external counterparties to maintain minimum rating levels at all times. In the event of a rating downgrade counterparties are required to post collateral and replace themselves as counterparty to the swap.

5. Interest receivable and similar income

	2015 £'000	2014 £'000
Interest on residential mortgages	71,938	21,928
Interest and other income on debt securities	24,436	14,659
Interest and other income on liquid assets	1,749	-
Net expense on financial instruments hedging assets	(792)	-
	97,331	36,587

6. Interest expense and similar charges

	2015 £'000	2014 £'000
Interest on deemed loan	41,706	20,456
Interest on subordinated debt with connected party	426	-
Interest payable on deposits and other borrowings	13,781	-
Net income on financial instruments	(956)	-
	54,957	20,456

7. Non-interest revenue

An analysis of the Company's revenue is as follows:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Continuing operations		
Revenue from the rendering of mortgage administration services under client contracts	5,578	4,591
Revenue from the rendering of credit analytical services under client contracts	2	93
Revenue from mortgage origination activities	323	610
Revenue	5,903	5,294

All revenues are generating within the UK from a single income generating unit of business.

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

8. Net gains from derivative financial instruments

	2015 £'000	2014 £'000
Loss on derivatives designated as fair value hedges	(226)	-
Gain in fair value of hedged items attributable to hedged risk	225	-
	(1)	-
Net gain on disposal of interest rate swaps	268	-
	267	-

9. Operating profit

Information about the auditor's remuneration for audit and fees for other services is disclosed in note 10. Information about staff costs is disclosed in note 11.

10. Auditor's remuneration

The analysis of auditor's remuneration is as follows:	2015 £'000	2014 £'000
Fees payable to the auditor for the audit of the Company's annual accounts	63	26
- Tax services	8	6
- Other services pursuant to legislation	392	192
Total fees	463	224

Fees payable to Deloitte LLP for other services include audit related assurances services, profit verification and bank capitalisation agreed upon procedures, securitisation due diligence services, corporate finance advisory and risk and regulation services.

11. Staff costs

The Company has no employees (2014: none). All services to the Company are provided by employees of Exact Mortgage Experts Limited ("EME"), a related party which is an associated subsidiary within the Company's immediate group as stated in note 37. The Company pays servicing fees to EME for Management services provided as disclosed further in note 37.

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

12. Tax

	2015 £'000	2014 £'000
Current tax:		
Current tax on profits for the year	1,706	-
	1,706	-
Deferred tax:		
Current year	3,214	(3,367)
Adjustments in respect of prior years	(173)	-
Effect of changes in tax rates	(40)	-
Total deferred tax charge/(credit)	3,001	(3,367)
Tax per Statement of Comprehensive Income	4,707	3,367

Corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit for the year, prior to adjustments.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Profit from continuing operations	24,155	1,254
Tax at the UK corporation tax rate of 20.25% (2014: 21.5%)	4,891	270
Adjustment in respect of prior years	(173)	-
Expenses not deductible for tax purposes	248	72
Adjustments in respect of transfer pricing	(212)	(2)
Adjustments in respect of group relief	(7)	-
Deferred tax not recognised (note 17)	-	(3,310)
Effect of differences in tax rate	(40)	(24)
Tax charge/(credit) for the year	4,707	(2,994)

12. Tax (continued)

The effective tax rate for the 2015 financial year was 19.49% (2014: 0%).

Deferred tax balances are in respect of timing differences of capital allowances in excess of depreciation and other short term differences. The net deferred tax charge of £3,001,000 (2014: credit of £2,994,000) has been recognised in the Statement of Comprehensive Income and the corresponding net deferred tax liability (2014: deferred tax asset) has been recognised in non-current liabilities. For further details refer to note 25.

Change in tax rate

In July 2013, a reduction in the corporation tax rate to 23% to 21% with effect from 1 April 2014, and from 21% to 20% with effect from 1 April 2015 was substantively enacted into legislation. In the Budget on 8 July 2015, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. These rate changes were substantively enacted in the Finance Bill 2015 on 26 October 2015 and existing temporary differences may therefore unwind in periods subject to these reduced rates.

Further, on 16 March 2016, the UK government have proposed that the UK Corporation tax will now fall to 17% with effect from 1 April 2020. However, this change has not yet been enacted into legislation.

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. Accordingly the reduction to 18% has been taken into account when measuring the potential deferred tax assets and liabilities at 31 December 2015.

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

13. Intangible assets

	Development costs £'000	Computer software and licenses £'000	Total £'000
Cost			
At 31 December 2014	116	295	411
Additions	-	191	191
At 31 December 2015	116	486	602
Amortisation			
At 31 December 2014	10	78	88
Charge for the year	25	114	139
At 31 December 2015	35	192	227
Carrying amount			
At 31 December 2015	81	294	375
At 31 December 2014	106	217	323

The directors have considered the carrying value of intangible assets during the year and determined that there are no indications of impairment at the year end.

Notes to the financial statements (continued)
For the year ended 31 December 2015

14. Property, fixtures and equipment

	Leasehold property improvements £'000	Fixtures and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 31 December 2014	300	69	575	944
Additions	21	117	158	296
At 31 December 2015	321	186	733	1,240
Accumulated depreciation				
At 31 December 2014	47	6	97	150
Charge for the year	63	28	214	305
At 31 December 2015	110	34	311	455
Carrying amount				
At 31 December 2015	211	152	422	785
At 31 December 2014	253	63	478	794

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

15. Loan notes receivable

	2015 £'000	2014 £'000
PMF No.1 Plc Z note	2,875	2,875
PMF No.1 Plc Subordinated note	5,416	5,452
PMF 2014-1 Plc Z note	4,900	4,900
PMF 2014-1 Plc Subordinated note	6,950	6,963
PMF 2014-2 Plc Z note	4,761	4,761
PMF 2014-2 Plc Subordinated note	6,904	6,942
CCFS Warehouse No.1 Plc Z note	15,805	-
	47,611	31,893

The PMF No.1 Plc subordinated note had a principal balance of £5,309k plus a £171,782 premium paid at inception. The premium is being amortised over 60 months on an EIR basis. The Z note and subordinated note attract a fixed rate coupon of 90 bps payable quarterly in arrears. The notes mature March 2047, although the expected maturity is December 2018 and they are redeemable at the discretion of Charter Court Financial Services Limited.

The PMF 2014-1 Plc subordinated note had a principal balance of £6,903k plus a £66,000 premium paid at inception. The premium is being amortised over 60 months on an EIR basis. The Z note and subordinated note attract a fixed rate coupon of 90 bps payable quarterly in arrears. The notes mature September 2047, although the expected maturity is June 2019 and they are redeemable at the discretion of Charter Court Financial Services Limited.

The PMF 2014-2 Plc subordinated note had a principal balance of £6,757k plus a £188,213 premium paid at inception. The premium is being amortised over 60 months on an EIR basis. The Z note and subordinated note attract a fixed rate coupon of 90 bps payable quarterly in arrears. The notes mature December 2047, although the expected maturity is December 2019 and they are redeemable at the discretion of Charter Court Financial Services Limited.

The CCFS Warehouse No.1 Plc Z note attracts a variable rate coupon of 375 bps above the three month BBA sterling LIBOR payable monthly in arrears. The note matures November 2017 although Charter Court Financial Services Limited has the discretion to extend the use of the facility beyond this period.

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

16. Debt securities

	2015 £'000	2014 £'000
Available for sale debt securities	1,997	-
Held to maturity debt securities	123,392	-
	125,389	-

All available for sale debt securities are held at fair value and are level 1 fair value measurements being derived from observable quoted prices, in active markets.

Movements in the debt securities held during the year were:

	Available for sale £'000	Held to Maturity £'000	Total £'000
At 1 January	-	-	-
Additions	1,998	127,507	129,505
Disposals and redemptions	-	(4,504)	(4,504)
Changes in fair value	(1)	-	(1)
Amortisation	-	228	228
Accrued interest	-	161	161
At 31 December	1,997	123,392	125,389

The changes in fair value of the available for sale debt securities have been recognised in the AFS reserve, see note 29. Within the held to maturity debt securities there is a balance of £11,151k consisting of A notes issued by PMF 2014-2 Plc. The A notes attract a variable coupon of 95 bps above the three month BBA sterling LIBOR payable quarterly in arrears.

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

17. Loans and advances to customers

	2015 £'000	2014 £'000
Residential mortgages	604,946	-
Mortgage assets held in:		
PMF No. 1 Plc	93,426	153,275
PMF 2014-1 Plc	204,388	230,975
PMF 2014-2 Plc	217,849	229,353
PMF 2015-3R Plc	515,886	-
Buttermere Plc	-	113,247
CCFS Warehouse No.1 Plc	115,563	-
	1,752,058	726,850
Fair value adjustment for hedged risk	603	-
EIR adjustment	(5,312)	(3,875)
Impairment provision	(526)	(51)
	1,746,823	722,924

Residential mortgages are secured on residential property within the United Kingdom.

As well as mortgage loans held by the Company, there are also securitised mortgage loans transferred to third parties on which the Company has retained the risks and rewards of ownership and therefore in accordance with the applicable accounting standards are not derecognised.

Mortgage loans have a contractual term of up to thirty years. Borrowers are entitled to settle the loan at any point and in most cases early settlement does take place. All borrowers are required to make monthly payments.

The fair value of residential mortgages is not considered to be materially different to the amortised cost value at which they are disclosed.

Fair value adjustment for hedged risk (FVAHR)

The Company has entered into interest rate swaps that protect it from changes in interest rates on the floating rate liabilities that fund its portfolio of fixed rate mortgages. Changes in the fair value of these swaps are offset by changes in the FVAHR of the fixed rate mortgages.

Notes to the financial statements (continued)
For the year ended 31 December 2015

17. Loans and advances to customers (continued)

An analysis of the types of first charge mortgage loans at 31 December 2015 is set out below.

	2015 £'000	2014 £'000
Buy-to-let	726,258	304,348
Homeowner	751,124	422,502
Short term bridging	188,656	-
Second charge	80,785	-
	1,746,823	726,850

Ageing of past due but not impaired mortgage loans

	2015 £'000	2014 £'000
0-30 days	7,288	346
30-60 days	1,395	-
60-90 days	967	-
90-120 days	-	-
> 120 days	-	-
	9,650	346

A collective provision of £260,000 (2014: £36,000) is held against loans and advances to customers which have not been specifically provided against.

Ageing of past due and impaired mortgage loans

	2015 £'000	2014 £'000
0-30 days	-	944
30-60 days	-	653
60-90 days	11	124
90-120 days	206	97
> 120 days	374	-
	591	1,818

A specific provision of £14,000 (2014: £15,000) is held against the past due and impaired mortgage loans. A specific provision of £252,000 (2014: £nil) is held against mortgage loans which are not past due but considered to be impaired. The total balance of these loans is £504,000.

Notes to the financial statements (continued)
For the year ended 31 December 2015

17. Loans and advances to customers (continued)

Residential mortgages

The movements in the Company's first charge mortgages in the year were:

	2015 £'000	2014 £'000
At 1 January	722,924	198,096
Additions	1,745,663	527,449
Effective interest rate adjustments	(1,436)	(2,589)
Sale of securitisation to PMF 2015-1 and PMF 2015-2b	(428,914)	-
Interest charged and other debits	66,762	-
Repayments and redemptions	(358,303)	-
Write-offs	(1)	-
Movement on impairment provision	(475)	(32)
Fair value gains	603	-
At 31 December	1,746,823	722,924

Impairment provisions on first charge mortgages

The following amounts in respect of impairment provisions have been deducted from the appropriate assets in the Statement of Financial Position:

	2015 £'000	2014 £'000
Collective impairment provision		
At 1 January	36	13
Charge for the year	224	23
At 31 December	260	36

	2015 £'000	2014 £'000
Specific impairment provision		
At 1 January	15	6
Charge for the year	251	9
At 31 December	266	15

18. Current assets

Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	1,272	1,013
Loans due from other group entities	-	9
Prepayments and other receivables	4,093	3,657
Subordinated loan	80	-
	5,445	4,679

Trade receivables disclosed above are made up of fees invoiced at the year end of £472,000 (2014: £213,000) and accrued income in respect of fees not invoiced at the year end of £800,000 (2014: £812,000).

Included in the Company's trade receivable balance is a trade receivable with a carrying amount of £236,000 (2014: £50,000) representing 50% (2014: 23%) of the total invoiced balances which is past due at the reporting date for which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and there is no significant concentration of risk in respect of the receivable. The amount is still considered fully recoverable due to the strong relationship with its customers and all have been received in full since the year end. No interest is chargeable on overdue receivables from its customers.

Ageing of past due but not impaired receivables:	2015 £'000	2014 £'000
31-60 days	127	50
61-90 days	109	-
91-120 days	-	-
	236	50

The subordinated loan has a principal balance of £80,000 (2014: £nil) and is owed by CCFS Warehouse No.1 plc. Interest on the subordinated loan is payable on the monthly interest payment dates at three month BBA sterling LIBOR plus a margin of 0.5%.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Loans due from other group entities

At the Statement of Financial Position date amounts receivable from group undertakings were £nil (2014: £9,000), which consisted of working capital loans of £nil (2014: £9,000). The loans and loan fees are made on an interest-free basis under arrangements between the companies within the same immediate group. Further details are contained in note 37.

The directors consider that the carrying amount of these financial assets approximates their fair value.

18. Current assets (continued)

Prepayments and other receivables

Included in the prepayments and other receivables balance is £300,000 (2014: £nil) representing amounts held by banks. This is an amount deposited to Barclays under interest rate swap collaterisation agreements.

Deferred deal costs	2015 £'000	2014 £'000
Deferred deal costs	2,142	3,808

Deferred deal costs relate to the PMF No.1, PMF 2014-1 and PMF 2014-2 securitisations and CCFS Warehouse No.1 plc. Costs of £4,748,000 (2014: £4,502,000) have been capitalised and are being amortised over the expected life of each transaction and in line with the predicted investment return due to the Company. Amortisation in the period amounted to £1,940,000 (2014: £694,000).

Cash and cash equivalents	2015 £'000	2014 £'000
Cash at bank	57,947	6,066
Mandatory reserve with the Bank of England	424,526	-
	482,473	6,066

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is not materially different to their fair value. The mandatory reserve with the Bank of England is not available for use in the Company's day to day operations.

Other assets	2015 £'000	2014 £'000
Other assets held at fair value	269	175
	269	175

Other assets held at fair value relate to the fair value gain on mortgage assets held by another Group Company, where the premium recovered over par value is received by Charter Court Financial Services Limited. All Other assets held at fair value are Level 3 fair value measurements, being derived from inputs which are not quoted in active markets.

Notes to the financial statements (continued)
For the year ended 31 December 2015

19. Derivative financial instruments

	2015		
	Notional £'000	Positive MV £'000	Negative MV £'000
Derivative financial instruments			
Interest rate swaps	1,688,000	1,133	1,336

	2014		
	Notional £'000	Positive MV £'000	Negative MV £'000
Derivative financial instruments			
Interest rate swaps	-	-	-

All derivative financial instruments are held at fair value and are Level 2 fair value measurements, being derived from inputs are not quoted in active markets but are based on observable market data.

20. Other financial liabilities

Trade and other payables

	2015 £'000	2014 £'000
Trade payables	1,332	856
Loans from other group entities	-	34,969
Deferred income	9	-
Accruals and other trade payables	3,624	1,581
Current tax liabilities	821	-
	5,786	37,406

Included within trade payables is £nil (2014: £311,000) payable to Exact Mortgage Experts Limited for Management Services as disclosed in note 37.

The Company, through its group, has financial risk management policies in place to ensure that payables are settled within the agreed credit timeframes, without any further liabilities.

Loans from other group entities

At the Statement of Financial Position date, the amount payable to its group undertakings is £nil (2014: £34,969,000). Further details are contained in note 37.

The directors consider that the carrying amount of these financial liabilities approximates to their fair value.

21. Deposits from banks

As at 31 December 2015 deposits from banks include £60,094,000 (2014: £nil) in respect of sale and repurchase agreements. The carrying value of assets of £83,301,000 sold under sale and repurchase agreements is included within debt securities (see note 16).

22. Deposits from customers

Deposits from customers are retail deposits held by Charter Court Savings Bank which were received from customers in the UK and denominated in sterling. The deposits comprise principally term deposits and 30 – 120 day notice accounts.

The contractual maturity of these deposits is analysed below.

	2015 £'000	2014 £'000
Amounts repayable		
On demand	21,892	-
In less than 3 months	26,492	-
In more than 3 months but less than 1 year	1,124,448	-
In more than 1 year but less than 2 years	200,867	-
In more than 2 years but less than 5 years	188,430	-
Total deposits	1,562,129	-
Fair value adjustment for hedged risk	380	-
	1,562,509	-

Fair value adjustment for hedged risk (FVAHR)

The Company has entered into interest rate swaps that protect it from changes in interest rates on the floating rate assets that are funded by its portfolio of fixed rate customer deposits. Changes in the fair value of these swaps are offset by changes in the FVAHR of the fixed rate customer deposits.

23. Non-current liabilities

Deemed loan due to Group undertakings

	2015 £'000	2014 £'000
Deemed loan from Precise Mortgage Funding No. 1 plc	93,426	153,275
Deemed loan from Precise Mortgage Funding 2014-1 plc	204,388	230,975
Deemed loan from Precise Mortgage Funding 2014-2 plc	217,849	229,353
Deemed loan from Buttermere plc	-	113,247
Deemed loan from CCFS Warehouse No.1 plc	115,563	-
	631,226	726,850

24. Financial guarantee

On 10 December 2015 the Company entered into a financial guarantee in favour of GIFS Capital Company, LLC acting as Original Class A Variable Funding Noteholder to CCFS Warehouse No 1 plc, and Elavon Financial Services Limited acting in its capacity as Agent to the same transaction. The guarantee covers interest, default interest, principal, tax gross up and break costs as they fall due, should CCFS Warehouse No 1 plc be unable to meet its obligations due in relation to the Class A Variable Funding Notes issued. As at 31 December 2015 the fair value of the guarantee was £nil.

25. Deferred tax

	2015 £'000	2014 £'000
Deferred tax (liability)/asset	(7)	2,994

At the Statement of Financial Position date, the Company has unused tax losses of £nil (2014: £15,171,000) available for offset against future trading profits, which would give rise to a deferred tax asset of £nil (2014: £3,034,000) following a tax rate of 18% enacted in advance of the year end (see note 12) (2014: 20%).

Movement on deferred taxation balance in the period

	2015 £'000	2014 £'000
Opening balance	2,994	-
(Charge)/Credit to the Statement of Comprehensive Income	(3,001)	2,994
	(7)	2,994

Analysis of deferred tax balance

	2015 £'000	2014 £'000
Capital allowances in excess of depreciation	(50)	(41)
Losses	-	3,034
Short term timing differences	43	1
	(7)	2,994

26. Share capital

	2015 Number	2015 £'000	2014 Number	2014 £'000
Issued and called up:				
Ordinary shares of £1 each	2,870,002	2,870	2,870,001	2,870

During the year 1 Ordinary share was issued at £1 nominal value. The Company has 2,870,002 ordinary shares which carry no right to fixed income.

27. Share premium

	£'000
Share premium arising in the year	133,740
Repayment of capital to parent company	(11,100)
Balance at 31 December 2015	122,640

The share premium arose in the year due to the issue of 1 Ordinary share for consideration of £133,740k followed by a repayment to the parent company of £11,100k.

28. Retained earnings

	£'000
At 31 December 2014	6,530
Net profit for the year	19,448
Balance at 31 December 2015	25,978

29. AFS reserve

	£'000
At 31 December 2014	-
Fair value loss	(1)
Balance at 31 December 2015	(1)

This is the fair value movement on revaluation of Treasury Bills that are available for sale.

30. Dividends paid

During the year a dividend of £nil (2014: £13,261,000) was paid in respect of the financial year.

Notes to the financial statements (continued)
For the year ended 31 December 2015

31. Net cash flow from operating activities

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Profit for the year	19,448	4,248
Non-cash profit and loss items		
Impairment losses	475	32
Depreciation of property improvements, fixtures and equipment	305	149
Amortisation of intangible assets	139	84
Amortisation of subordinated note premium	86	36
EIR adjustment	1,436	2,589
Deferred tax asset	3,001	(2,994)
Current tax charge	1,706	-
Movement in fair value hedge	(603)	-
Changes in operating assets & liabilities		
Movement of other asset held at fair value	(94)	(31)
Decrease/(Increase) in receivables and prepayments	971	(5,179)
Increase in payables	2,528	632
(Decrease)/increase in loans from undertakings for working capital	(34,960)	39,557
Increase in retail deposits	1,562,509	-
Increase in residential mortgages	(604,946)	-
Movement in derivative financial instruments	203	-
Taxation paid	(884)	-
Cash generated from operations	951,320	39,123
Net cash generated in operating activities	951,320	39,123

32. Net cash flow from investing activities

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Residential mortgages transferred to third parties	(420,262)	(527,449)
Expenditure on system development and software	(191)	(198)
Purchase of property improvements, fixtures and equipment	(296)	(943)
Investment in debt securities	(125,389)	-
Deposits from banks	60,094	-
Movement in AFS reserve	(1)	-
Net cash utilised in investing activities	(486,045)	(528,590)

33. Net cash flow from financing activities

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Deemed loan due to Group undertakings	(95,624)	527,449
Issue of Z loan note, subordinated note and residual certificate	(15,884)	(23,575)
Dividends paid	-	(13,261)
Proceeds from share issue	122,640	-
Net cash generated in financing activities	11,132	490,613

34. Operating lease arrangements

	2015 £'000	2014 £'000
Minimum lease payments under operating leases recognised as an expense in the year	35	-

At the Statement of Financial Position date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:	2015 £'000	2014 £'000
Within one year	141	-
In the second to fifth years inclusive	24	-
After five years	-	-
	165	-

Operating lease payments represent rentals payable by the Company for the use of office premises. Leases are negotiated for an average term of 17 months and rentals are fixed for an average of 17 months, expiring in February 2017.

35. Financial Instruments

Capital risk management

CCFSG manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings disclosed in the group financial statements, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the group financial statements.

The Company conducts an annual internal capital adequacy assessment process ("ICAAP"), which is approved by the Board with the current version as at September 2015.

The ICAAP is used to assess the Company's capital adequacy and determine the levels of capital required to support the current and future risks in the business derived from the 3 year corporate plan.

Relevant changes resulting from the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (CRR), collectively known as CRD IV, have been incorporated where applicable. CRD IV introduced a new leverage ratio requirement. The leverage ratio is a non-risk based measure that is designed to act as a supplement to risk based capital requirements. The Company reports its Leverage ratio based on guidance from the PRA.

The Company is supervised by the Prudential Regulation Authority (PRA) who issue individual capital guidance which specifies a level of regulatory capital which the Company is required to hold relative to its risk weighted assets as well as a PRA designated Capital Buffer.

The Company's regulatory capital is reviewed on a monthly basis by the Board of Directors and the Assets and Liability Committee on a current and forward looking basis.

The future regulatory capital requirements are also considered as part of the Company's forecasting and strategic planning process.

35. Financial Instruments (continued)

Categories of financial instruments

	Carrying value 2015 £'000	2014 £'000
Financial assets held at amortised cost		
Loans and receivables	1,746,823	722,924
Trade and other receivables	5,445	4,679
Cash and cash equivalents	482,473	6,066
Financial liabilities held at amortised cost		
Trade and other payables	(5,786)	(37,406)
Deemed loan due to Group undertaking	(631,226)	(726,850)
Other assets held at fair value	269	175

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

36. Financial risk management objectives and policies

Risk Management

The Group's activities expose it to a number of financial risks and uncertainties; primarily credit risk, liquidity risk, interest rate risk, market risk, operational risk and franchise risk which are explained in more detail below:

Credit Risk

Credit risk is the risk of financial loss arising from the failure of a customer or counterparty to settle their financial and contractual obligations as they fall due. Financial assets of the Group consist of loans and receivables made up of residential mortgages, trade and other receivables and cash and cash equivalents.

Credit risk arises on residential mortgages, trade and other receivables and cash and cash equivalents.

The assets of the Group subject to credit risk are set out below:

Class	2015 £'000	2014 £'000
Residential mortgages held in CCFS	604,946	-
Residential mortgages held in PMF No.1 Plc	93,426	153,275
Residential mortgages held in PMF 2014-1 Plc	204,388	230,975
Residential mortgages held in PMF 2014-2 Plc	217,849	229,353
Residential mortgages held in PMF 2015-3R Plc	515,886	-
Residential mortgages held in Buttermere Plc	-	113,247
Residential mortgages held in CCFS Warehouse No.1 Plc	115,563	-
	1,752,058	726,850

For mortgages held in PMF No.1 Plc, PMF 2014-1 Plc and PMF 2014-2 Plc the Company's credit risk is limited to 5% holdings in each securitisation. There is also exposure to losses in income through excess spread being otherwise used to cure principal losses. The Company's credit position is subordinated within each deal, therefore its exposure is limited to the first 5% of each deal's credit losses and loss expectations are significantly less than 5%. For mortgages held in, Buttermere Plc the Company is also exposed to losses arising through excess spread. For mortgages held in PMF 2015-3R and CCFS Warehouse No. Plc the Company is exposed to 100% of losses.

At 31 December 2015, the average loan to value percentage of underlying mortgage assets to which the loans relate was 68% (2014: 71%) and only £94,000 (2014: £29,000) of the total balance represented arrears. The estimated fair value of collateral held against residential mortgages is £3,616,460,000 (2014: £1,141,896,000).

Notes to the financial statements (continued)
For the year ended 31 December 2015

36. Financial risk management objectives and policies (continued)

Analysis of loans by LTV

Current LTV	**2015 £'000**	**2014 £'000**
≥ 80%	316,174	171,417
70 to 80%	732,708	329,848
60-70%	317,680	119,347
<60%	385,496	106,238
	1,752,058	726,850

The Company offers secured borrowers who are in financial difficulties a range of account management and forbearance options including capitalisation, temporary interest only concessions, payment holidays and term extensions.

The table below presents an analysis of residential mortgages subject to forbearance indicators at 31 December 2015.

	2015 No. of accounts	**2015 Balance £'000**	**2014 No. of accounts**	**2014 Balance £'000**
Accounts past due				
Accounts past due	25	3,159	-	-
Temporary interest only	7	749	-	-
Accounts not past due				
Arrangements	32	3,577	19	2,390
Term extensions	1	139	-	-

There was 1 case (2014: no cases) that had a formal extension agreed amounting to £139,000 (2014: £nil) and 64 cases (2014: no cases) with an informal extension agreed amounting to £16,074,000 (2014: £nil). Only 1 loan (2014: none) with an outstanding balance of £407,000 has a missed payment.

Away from secured lending, the Company's customers are primarily large financial institutions and there is no significant history of credit/bad debt losses and no provisions have been made for bad or doubtful receivables. Details of trade and other receivables are shown in note 18.

The Company's cash balances are held in sterling at London banks in current accounts. Further details of cash and cash equivalents are shown in note 18.

Charter Court Financial Services Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

36. Financial risk management objectives and policies (continued)

Liquidity Risk

Liquidity risk is the risk that CCFS fails to meet its financial obligations as they fall due, whereas funding risk is the adverse impact of higher funding costs and/or lack of available funds on CCFS' cash flow.

Liquidity and funding risks are centrally managed by Treasury on behalf of the Group in line with group policies and risk appetites, and any regulatory guidance.

CCFS has adequate funding sources and a diversified funding base, including retail funding (Retail Deposits), wholesale funding (Securitisation, Repo Linesand a warehouse funding facility provided by a tier 1 investment bank), as well as access to the Bank of England's liquidity facilities.

The contractual maturity of retail deposits is analysed in note 22.

Interest rate risk

The Company manages interest rate risk, the risk that interest margins will be adversely affected by movements in market interest rates, by maintaining floating rate liabilities and matching those with floating rate assets, and hedging fixed rate assets through the purchase of interest rate swaps from large financial institutions with strong credit ratings. Interest Rate Risk is managed to ensure that the value at risk does not exceed 2% of capital resources or that earnings at risk do not exceed 5% of projected earnings in the following twelve months.

Interest rate sensitivity analysis

In measuring the impact on the Company's position at the year end, account is taken of the Company's assets, liabilities and derivatives and their maturity and repricing arrangements. Account is also taken of pipeline and repayments. The impact on the expected profitability of the Company in the next 12 months of a 2% parallel shift in interest rates prevalent at the year end is set out below.

	2015	**2014**
	£'000	**£'000**
+ 2%	(1,068)	(3,072)
- 2%	552	3,072

This is due to the Company's net exposure to interest rates on its floating rate mortgage assets, floating rate investments, floating rate savings products and floating rate borrowings.

Market risk

Market risk is managed by ensuring Treasury counterparties meet minimum external credit ratings and individual exposures to single counterparties are assigned against the underlying instruments, such as cash or derivative exposures which are used to manage risk, or provide liquidity.

As part of the Liquidity and Treasury Investment Policies, CCFS holds cash balances at central banks, and in high quality assets such as residential mortgage backed securities ("RMBS") which meet minimum rating requirements. These investments are held to maturity and therefore not part of any Trading portfolio.

36. Financial risk management objectives and policies (continued)

Market risk (continued)

Regulatory change is also monitored as part of the responsibilities within the Treasury Risk oversight.

Franchise Risk

The Company provides a number of services, including the provision of mortgage lending, to the UK mortgage market.

Whilst lending activity continues to grow within the UK mortgage, the Company's ability to meet their future trading forecasts is partially dependent upon any future changes in the level of activity in the economy and mortgage market as a whole.

However, the directors believe that the Company's products and services are targeted at specific segments of the market and are confident that growth can be achieved independently of changes in market activity levels.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

CCFS has an Operational risk management framework to support the identification, measurement, management and reporting of Operational risks.
Operational risk is managed and controlled by senior management having the responsibility for understanding the operational risks within their respective business area and for putting in place appropriate controls and mitigating actions to further strengthen the control environment.

Compliance with regulatory requirements imposed by the Financial Conduct Authority and the Prudential Regulation Authority is monitored by the Director of Legal and Compliance and reported to the Operational and Conduct Risk Committee and the Board Risk Committee.

37. Related party transactions

Transactions between the Company and its related parties are disclosed below.

Management services

	Servicing fees charged		(Debtor)/creditor outstanding	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Exact Mortgage Experts Limited	20,597	15,893	(496)	311

Exact Mortgages Experts Limited provides management services to the Company including the provision of staff, premises and systems. A fee is charged towards these services as shown above. The agreement commenced on 1 January 2014.

Charter Court Financial Services Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

37. Related party transactions (continued)

Interest charges

	Interest charged		Outstanding at end of year	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Charter Court Financial Services Group Limited	426	-	-	-

Charter Court Financial Services Group Limited issued a £65.6m loan to the Company on 6 January 2015 and a further £30m on 30 January 2015. All was fully repaid on 17 November 2015. Interest was charged at a 3 month LIBOR plus 1.5%.

Trading transactions

During the year, the Company entered into the following transactions with related parties:

	Fees received for mortgage loan administration services		Mortgage loans sold		Mortgage loans purchased	
	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
PMF No. 1 Plc	252	282	-	-	-	-
PMF 2014-1 Plc	405	180	-	-	-	-
PMF 2014-2 Plc	397	34	-	-	-	-
PMF 2015-1 Plc	307	-	-	-	-	-
PMF 2015-3R Plc	198	-	517,842	-	-	-
Buttermere Plc	925	832	653,817	731,135	(418,713)	-
CCFS Warehouse No.1 Plc	1	-	115,805	-	-	-
Bridestone Financing Plc	130	127	-	-	-	-

Loans to related parties

	2015	2014
	£'000	£'000
Buttermere plc	-	9
	-	9

Notes to the financial statements (continued)
For the year ended 31 December 2015

37. Related party transactions (continued)

Loans from related parties

	2015 £'000	2014 £'000
Charter Court Financial Services Group Limited	-	34,969
	-	34,969

Bridestone Financing plc is a related party owing to shared control by Elliott, the ultimate controlling party of Charter Court Financial Services Group.

All other related party transactions are with other subsidiaries of Charter Court Financial Services Group Limited.

38. Immediate parent company

Charter Court Financial Services Group Limited is the immediate parent of the Company which owns 100% of the issued ordinary share capital. The group prepares consolidated financial statements of which copies may be obtained from the Company Secretary at the registered office: 2 Charter Court, Broadlands, Wolverhampton, West Midlands WV10 6TD.

39. Ultimate controlling party

As at 31 December 2015, Charter Court Financial Services Group Limited's joint controlling parties were Elliott International L.P., a partnership organised in the Cayman Islands, and Elliott Associates L.P., a partnership organised in Delaware in the United States, by virtue of their combined controlling interest in the Group's issued share capital and voting rights.