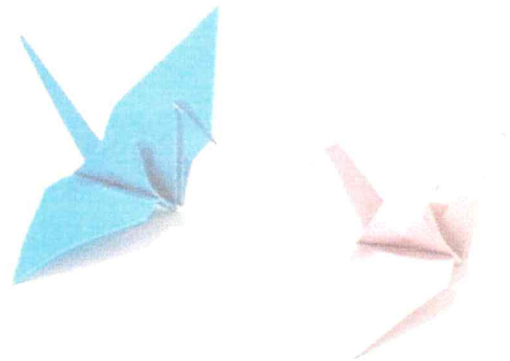


Structured Credit America Ltd

Financial Statements 2015



Financial Statements 2015

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General Information

Directors

Mr G. Halliday
Mr M. de Jong
Mr M. Mochizuki

Company Secretary

Mr B. Lanaghan

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Bracken House
One Friday Street
London EC4M 9JA
Tel: 020 7236 1090

Registered in England and Wales Number 6810694

Directors' Report

The Directors present their annual report on the affairs of Structured Credit America Ltd ('the Company'), together with the financial statements for the year ended 31st March 2015.

Principal Activity

Structured Credit America Ltd is a subsidiary within the Mizuho Securities group, which forms part of the Mizuho Financial Group, one of the largest banking groups within Japan. The Company's immediate parent company is Mizuho Securities UK Holdings Ltd. The Company acquired a portfolio of US securitisation securities and related derivatives from Mizuho International plc ("Mizuho International") on 1st April 2009, and its principal activity is to manage and dispose of this portfolio as opportunities arise.

Services are provided to the Company by the Group Company, Mizuho International plc, to facilitate the Company's business operations.

Results and dividends

The Company made a loss of £0.8 million for the year ended 31st March 2015 (2014: loss of £0.6 million). The Company has made good progress during the financial period in disposing of its portfolio of US asset backed debt securities and related derivative transactions. Total assets at the balance sheet date have grown to £21.0 million from £18.5 million (2014), and these principally comprise receivables due from a related party.

The Directors do not recommend the payment of a dividend in respect of the current financial year (2014: £0).

Going Concern

After making enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has a strong capital position and has no significant funding requirements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the going concern basis in preparing the financial statements continues to be adopted.

Future Prospects

The Company is well placed to continue to manage the run off of its portfolio of US securitisation securities and related derivatives, and has sufficient share capital to support this business for the foreseeable future.

Directors' Report (continued)

Principal risks and uncertainties

The Company places surplus liquidity on deposit with Mizuho International plc, and is thus exposed to the credit risk associated with this affiliated Group Company.

As an entity which holds securities and has entered into derivative contracts which principally relate to US mortgage assets, the Company is affected by the factors driving these markets. The major risks to which the Company is exposed are market risk, credit risk, liquidity risk, operational risk and legal risk. As these different risk factors can impact the Company's decision making and earnings, the Directors have established a comprehensive framework for managing these risks, with the Executive Committee and Risk Committee of Mizuho Securities UK Holdings Ltd setting and regularly reviewing policies and limits.

Directors

The following served as Directors of the Company during the year ended 31st March 2015:

Mr G. Halliday
Mr M. de Jong
Mr M. Mochizuki

There are no Directors' interests requiring disclosure under the Companies Act 2006.

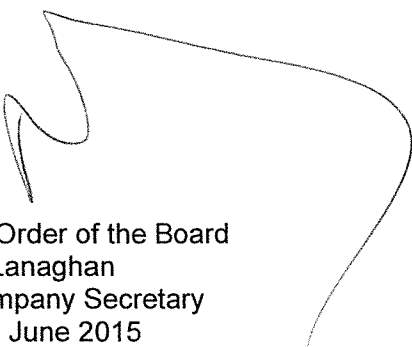
The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Ernst & Young LLP were reappointed as Auditors of the Company during this financial period. Ernst & Young LLP, have expressed their willingness to continue in office and a resolution re-appointing them as Auditors and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.



By Order of the Board
B. Lanaghan
Company Secretary
24th June 2015

Statement of Directors' Responsibilities

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Each of the Directors has ensured that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and consider that they have each taken all of the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditor's Report to the Members of Structured Credit America Ltd

We have audited the financial statements of Structured Credit America Ltd for the year ended 31st March 2015 which comprise Profit and Loss account, Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 set out on page 5, 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 Directors' 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 31st March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Members of Structured Credit America Ltd (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.

Ernst & Young LLP

Nicholas Dawes (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
25th June 2015

Profit and Loss Account
for the year ended 31st March 2015

	Note	2015 £ millions	2014 £ millions
Interest receivable		0.1	0.1
Dealing profit/(loss)	4	0.2	0.2
Operating profit		<u>0.3</u>	<u>0.3</u>
Administrative expenses	5	(1.1)	(0.9)
Loss on ordinary activities before taxation		<u>(0.8)</u>	<u>(0.6)</u>
Tax on loss on ordinary activities	6	-	-
Loss for the year		<u>(0.8)</u>	<u>(0.6)</u>

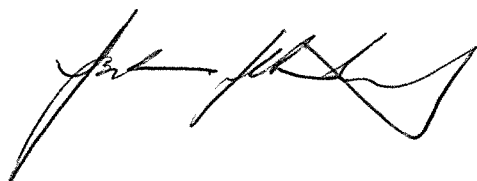
The Company has no recognised gains or losses other than the loss for both years. All of the activities of the Company are classed as continuing.

Balance Sheet
as at 31st March 2015

Registered number: 6810694

	Note	2015 £ millions	2014 £ millions
Assets			
Loans and advances to banks	7	20.7	18.1
Trading financial assets	8	0.3	0.4
Total Assets		<u>21.0</u>	<u>18.5</u>
Liabilities			
Deposits by banks	9	3.4	0.4
Customer accounts	10	0.8	0.5
Total liabilities		<u>4.2</u>	<u>0.9</u>
Equity			
Paid up share capital	11	18.0	18.0
Profit and loss account	12	(1.2)	(0.4)
Total Equity		<u>16.8</u>	<u>17.6</u>
Total Liabilities and Equity		<u>21.0</u>	<u>18.5</u>

Approved and authorised for issue by the Board of Directors on 24th June 2015 and signed on its behalf by



G. Halliday
Chief Executive Officer

Notes to the financial statements

1. BASIS OF PREPARATION

The financial statements have been prepared under UK Generally Accepted Accounting Principles, and in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared in accordance with applicable Accounting Standards.

The Company is exempt from preparing consolidated financial statements in accordance with FRS 2.21(b) since it is a wholly owned subsidiary undertaking and its immediate parent is established under the law of an EEA state (see note 17). The financial statements present information about the Company as an individual entity and not about its group.

Accounting policies

The accounting policies that are significant in the context of the Company's financial statements are described in note 2.

Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for derivative financial instruments, financial assets and liabilities at fair value through profit and loss, all of which are measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Sterling which is the Company's functional currency and the financial information is presented in £ millions and has been rounded to the nearest £100,000 unless otherwise indicated.

Financial instruments disclosures

In accordance with the scope exclusions contained in FRS 29, the Company has not provided detailed disclosures for its financial instruments and risk management processes since more than 90% of the voting rights are controlled by the parent undertaking which includes the Company in its own financial statements, and which are publicly available and include disclosures that comply with FRS 29.

Related party disclosures

In accordance with the scope exclusions contained in FRS 8, the Company has not disclosed details of transactions entered into with wholly owned members of the Group controlled by its ultimate parent (see note 17).

Cash flow statement

In accordance with the scope exclusions contained in FRS 1, the Company is not required to prepare a cash flow statement since more than 90% of the voting rights are controlled by its ultimate parent undertaking which includes the Company in its own financial statements, and which are publicly available.

Notes to the financial statements (continued)

2. ACCOUNTING POLICIES

A – Financial instruments

Regular way purchase or sale of financial assets

Settlement date accounting is applied for the purposes of recognising and de-recognising financial assets.

Recognition

Financial instruments are recognised when the Company becomes party to the contractual provisions of the relevant financial asset or financial liability.

Financial instruments are initially recorded at fair value, being the amount at which an asset or liability would be exchanged or settled between knowledgeable, willing parties in an arm's length transaction, and in the case of financial assets or liabilities not subsequently measured at fair value through profit and loss plus any incremental directly attributable costs of acquisition or issue, assuming that transactions do not take place under a forced sale or liquidation scenario, and that the Company is a going concern.

De-recognition of financial assets

A financial asset is de-recognised when:

- The contractual rights to receive the cash flows from the asset expire; or
- Either the Company has transferred substantially all the risks and rewards of the financial asset or the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset.
- Where the Company has neither transferred nor retained substantially all of the risks and rewards of ownership, but control has not been transferred, the Company will account for its continuing involvement in the asset. Under this approach, the Company will continue to recognise the transferred asset to the extent of the continuing involvement in that asset and recognise an associated liability such that the net carrying value of the transferred asset and associated liability is equal to the fair value of the retained rights and obligations.

De-recognition of financial liabilities

Financial liabilities are de-recognised when they have been extinguished as a result of the cancellation, discharge or expiry of the obligations specified in the contract.

Offsetting

Financial assets and liabilities are set off and the net amount presented on the balance sheet when and only when the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions such as the Company's trading activities.

Notes to the financial statements (continued)

B – Trading financial instruments

Non derivative financial instruments are classified as held for trading if they are acquired for the purpose of selling in the near term or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Trading financial instruments include trading debt securities.

Subsequent to initial recognition, trading financial instruments are measured at fair value. Gains or losses realised on de-recognition of trading financial instruments and changes in fair value on trading financial instruments are recognised in the profit and loss account and reported under net trading profit / loss.

Reclassification from trading non derivative financial instruments

The Company will reclassify non derivative financial assets, other than those designated as at fair value through profit and loss account upon initial recognition (see accounting policy C) out of the fair value through profit and loss account classification (trading financial assets) if they are no longer held for the purpose of being sold or repurchased in the near term, as follows:

- If the financial asset would have met the definition of loans and receivables, (if the financial asset had not been required to be classified as held for trading at initial recognition, i.e. it was a loan and receivable held with the intention to sell in the near term), then it may be reclassified if the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity; or
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading classification in rare circumstances.

C – Derivative financial instruments

Trading derivative instruments

Subsequent to initial recognition, trading derivative instruments are measured at fair value and disclosed as financial assets when the fair value is positive and financial liabilities when the fair value is negative. Realised and unrealised gains or losses arising from trading derivative instruments are recognised in the profit and loss account and reported within net trading profit.

D – Loans and advances

Subsequent to initial recognition, loans and advances are measured at amortised cost using the effective interest method less impairment, with any resulting interest income taken to profit and loss account.

E – Fair value measurement

Financial instruments measured at fair value comprise:

- Trading financial instruments; and
- Trading derivatives.

Notes to the financial statements (continued)

Fair values are derived from quoted market prices or valuation techniques as described below.

Active market

Financial instruments that trade within an active market are valued using quoted market prices or rates available within that market. An active market exists where regular prices are provided by exchanges, dealers, brokers, industry groups or pricing services, and these prices represent actual market transactions.

Financial instruments may be priced from the most advantageous active market to which the Company has access, and this may result in the recognition of revenue on trade date ('day one profit'), to the extent that a fair value instrument has been traded at a favourable price in comparison to prices available within an active market.

Long positions are marked to the bid side, and short positions to the offered side of an active market. Where the Company holds positions which create offsetting risk positions, then those offsetting positions are valued at mid market rates, with any resulting net risk positions being marked to the bid or offered side as appropriate.

No active market

Financial instruments that do not trade within an active market are valued using a valuation technique, which may consist of:

- Analysis of current or recent third party transactions in the same instrument; or
- Reference to the value of other instruments, that are substantially the same as the instrument to be valued; or
- Use of a valuation model.

Valuation techniques, including valuation models, meet the following conditions:

- Consistency with accepted methodologies for pricing financial instruments;
- Inclusion of all relevant factors that market participants would consider in setting a price;
- Use of market observable data where possible; and
- Periodic calibration to actual market transactions where possible.

If, on trade date, a valuation technique results in a different estimate of fair value to the actual transaction price, then the valuation technique will be calibrated to the transaction price, so that no gain or loss is recognised except as described below.

Gains or losses will only be recognised subsequently, to the extent that they arise from changes in a factor (including time) that market participants would consider in setting a price.

Fair value estimates from valuation techniques may be used on trade date without calibration to the transaction price, resulting in the recognition of day one gains and losses, under the following conditions:

- Fair value is supported by current market transactions in the same instrument; or
- Fair value is based upon a valuation technique whose variables include only data from observable markets.

Day one gains or losses that do not meet these criteria are deferred and amortised over the life of the financial instrument to which they relate.

Notes to the financial statements (continued)

F – Foreign currencies

Foreign currency carrying values at initial recognition are translated into the functional currency at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency of the Company at the mid-market rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded using an average rate of exchange for the period. Foreign currency translation differences are included in operating income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated into functional currency at the original transaction rate. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

G – Identification and measurement of impairment

At each balance sheet date, the Company assesses whether there is objective evidence that financial and other assets not carried at fair value through profit and loss are impaired.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the financial asset, and that the loss event has an impact on the future cash flows on the financial asset that can be estimated reliably.

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the profit and loss account and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit and loss.

H – Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income and expense

Interest income and expense are recognised in profit and loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of a financial asset or financial liability, or a shorter period where appropriate, to the carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability and is not subsequently revised. The calculation of the effective interest rate includes all the fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Notes to the financial statements (continued)

Dealing profit / loss

Dealing profit / loss comprises gains less losses related to trading financial assets, trading financial liabilities, derivative instruments held for risk management purposes and financial instruments designated as at fair value through profit and loss account.

Dealing profit / loss includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

I – Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are the differences between the Company taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

J – Provisions

Provision is made where an obligation arises as a result of a past event and it is probable that the Company will make a transfer of economic benefits to satisfy such obligation. Such provision is made based on the Directors' best estimate of the economic benefits to be transferred, discounted where relevant at an appropriate discount rate.

3. ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The results of the Company are sensitive to accounting policies, assumptions and estimates that underlie the preparation of the financial statements.

When preparing the financial statements, it is the Directors' responsibility under applicable UK Law to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies that are deemed critical to the Company financial performance and position, in terms of the materiality of the items to which the policy is applied, or which involve a high degree of judgement and estimation are summarised below:

Valuation of financial instruments

The Company accounting policy for valuation of financial instruments is set out in note 2E.

Notes to the financial statements (continued)

4. NET TRADING PROFIT AND OTHER OPERATING INCOME

Dealing profits / (loss)

	2015 £ millions	2014 £ millions
US Structured Credit business	0.2	0.2
Dealing profits / (loss)	<u><u>0.2</u></u>	<u><u>0.2</u></u>

All dealing profits / (loss) are derived from financial instruments held for trading.

5. ADMINISTRATIVE EXPENSES

Administrative expenses

	2015 £ millions	2014 £ millions
Other administrative expenses	1.1	0.9
	<u><u>1.1</u></u>	<u><u>0.9</u></u>

Average number of employees

The Company does not have any employees.

Auditors' remuneration

Auditors' remuneration is borne by a Group company, Mizuho International plc, of which £15,000 (2014: £15,000) was charged to the Company during the period.

Notes to the financial statements (continued)

Directors' emoluments

The Directors of the Company, excluding the Chief Executive Officer, are also Directors of Mizuho International plc ("Mizuho International"). The Directors of the Company who are also Directors of Mizuho International received total remuneration for the year of £2.2 million (2014: £1.5 million) which was paid by Mizuho International. The Directors do not believe that it is practicable to apportion their total remuneration between their services as Directors of the Company and as Directors of Mizuho International.

The aggregate emoluments of the highest paid Director are £1.8 million (2014: £1.2 million).

The remuneration of the Chief Executive of the Company, an employee of Mizuho International, which was attributable to his services to the Company for the year, was £0.08 million (2014: £0.06 million).

6. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

Charge for taxation

	2015 £ millions	2014 £ millions
Current taxation		
Current tax	-	-
Tax on (loss) / profit on ordinary activities	<u>-</u>	<u>-</u>

Current taxation reconciliation

A reconciliation between the tax (expense) / credit and the accounting profit multiplied by UK standard rate of corporation tax is as follows:

	2015 £ millions	2014 £ millions
(Loss) / profit on ordinary activities before taxation	<u>(0.8)</u>	<u>(0.6)</u>
Current taxation at 21% (2014: 23%)	0.2	0.1
Effects of:		
- Utilised / (unrecognised) tax losses	(0.2)	(0.1)
Current tax	<u>-</u>	<u>-</u>

Deferred taxation

There are no deferred tax balances as at the balance sheet date in respect of both the current year and prior period.

Based on the likely timing and level of future profits, the Directors have concluded that no deferred tax asset should be recognised in respect of tax losses. The total deferred tax asset available not recognised amounted to £117.1 million (2014: £116.9 million). The tax losses relate to a business transferred from Mizuho International plc.

Notes to the financial statements (continued)

7. LOANS AND ADVANCES TO BANKS

	2015 £ millions	2014 £ millions
Placements with banks	<u>20.7</u>	<u>18.1</u>
Amounts include:		
Due from related parties.	<u>20.7</u>	<u>18.0</u>

Further details of the classification and fair value measurement of loans and advances to banks are disclosed in note 15.

8. TRADING FINANCIAL ASSETS

	2015 £ millions	2014 £ millions
Other debt securities	0.3	0.4
Trading financial assets	<u>0.3</u>	<u>0.4</u>

Further details of the classification and fair value measurement of trading financial assets and liabilities are disclosed in note 15.

9. DEPOSITS BY BANKS

	2015 £ millions	2014 £ millions
Deposits by banks	<u>3.4</u>	<u>0.4</u>
Amounts include:		
Due from related parties	<u>3.2</u>	<u>0.4</u>

Further details of the classification and fair value measurement of Deposits by banks are disclosed in note 15.

10. CUSTOMER ACCOUNTS

	2015 £ millions	2014 £ millions
Deposits by customers	<u>0.8</u>	<u>0.5</u>
Amounts include:		
Due from related parties	<u>0.8</u>	<u>0.5</u>

Further details of the classification and fair value measurement of Customer accounts are disclosed in note 15.

Notes to the financial statements (continued)

11. SHARE CAPITAL

	2015 Number	2015 £ millions	2014 Number	2014 £ millions
Issued and fully paid				
Ordinary shares of GBP 1 each	18,000,000	18.0	18,000,000	18.0
		<u>18.0</u>		<u>18.0</u>

12. EQUITY

	Share capital £ millions	Profit and loss account £ millions	Total £ millions
At 1 st April 2014	18.0	(0.4)	17.6
Loss for the year	-	(0.8)	(0.8)
At 31 st March 2015	<u>18.0</u>	<u>(1.2)</u>	<u>16.8</u>

	Share capital £ millions	Profit and loss account £ millions	Total £ millions
At 1 st April 2013	18.0	0.2	18.2
Loss for the year	-	(0.6)	(0.6)
At 31 st March 2014	<u>18.0</u>	<u>(0.4)</u>	<u>17.6</u>

13. CONTINGENT LIABILITIES

In the normal course of business the Company is involved in various lawsuits. The likelihood of a material adverse impact on the financial position of the Company arising from these proceedings is considered to be remote.

14. EVENTS AFTER BALANCE SHEET DATE

There have been no events after the balance sheet date that requires disclosure.

Notes to the financial statements (continued)

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Classification and fair value of financial assets and liabilities

The classification and fair values of financial assets and financial liabilities are analysed in the tables below.

	Classification			Fair value	
	Held for trading £ millions	Loans and receivables £ millions	Financial Liabilities £ millions	Fair value instruments £ millions	Non Fair value instruments £ millions
2015					
Financial assets:					
Loans and advances to banks	-	20.7	-	-	20.7
Trading assets	0.3	-	-	0.3	-
	<u>0.3</u>	<u>20.7</u>	<u>-</u>	<u>0.3</u>	<u>20.7</u>
Financial liabilities:					
Deposits by banks	-	-	3.4	-	3.4
Customer accounts	-	-	0.8	-	0.8
	<u>-</u>	<u>-</u>	<u>4.2</u>	<u>-</u>	<u>4.2</u>
2014					
Financial assets:					
Loans and advances to banks	-	18.1	-	-	18.1
Trading assets	0.4	-	-	0.4	-
	<u>0.4</u>	<u>18.1</u>	<u>-</u>	<u>0.4</u>	<u>18.1</u>
Financial liabilities:					
Deposits by banks	-	-	0.4	-	0.4
Customer accounts	-	-	0.5	-	0.5
	<u>-</u>	<u>-</u>	<u>0.9</u>	<u>-</u>	<u>0.9</u>

For financial assets and financial liabilities that are payable on demand or having a short term maturity, carrying amounts approximate fair values.

The Company's fair value assets and liabilities would all be classified as level 3 in the fair value hierarchy, based on the lack of observability of the inputs into the underlying valuation.

16. RISK MANAGEMENT

As an entity which holds securities and has entered into derivative contracts which principally relate to US mortgage assets, the Company is affected by the factors driving these markets. The resultant market and credit risks relating to these contracts are no longer significant in the context of the Company's financial position.

The Company places surplus liquidity on short term deposit with Mizuho International plc, and is thus exposed to the credit risk associated with this fellow Group Company.

Notes to the financial statements (continued)

17. PARENT UNDERTAKINGS

The Company is a wholly owned subsidiary of Mizuho Securities UK Holdings Ltd, a company incorporated in the United Kingdom. The Company's ultimate parent undertaking is Mizuho Financial Group, Inc., which is incorporated in Japan.

Copies of the group financial statements of Mizuho Securities UK Holdings Ltd can be obtained from:

Corporate Communications Department
Mizuho Securities UK Holdings Ltd
Bracken House
One Friday Street
London EC4M 9JA
<https://uk.mizuho-sc.com/en/about-us/reports-and-accounts.aspx>

Copies of the group financial statements for Mizuho Financial Group, Inc. can be obtained from:

Corporate Communications
Public Relations Office
Mizuho Financial Group, Inc.
Otemachi Tower
1-5-5 Otemachi, Chiyoda-ku, Tokyo
100-8176, JAPAN
http://www.mizuho-fg.co.jp/english/investors/financial/fin_statements/index.html