TOYOTA MOTOR FINANCE (NETHERLANDS) B.V.
REGISTERED NUMBER: 33194984

Annual Report & Financial Statements
for the year ended 31 March 2014

Contents

BOARD OF MANAGEMENT

Eiji Hirano
(resigned per 18 June 2014)
Yoriyuki Hirayama
Katsunobu Katayama
(appointed 1 January 2014)
William Kilpatrick
(appointed 1 January 2014)
Naoki Kojima
(resigned per 1 January 2014)
TMF Netherlands B.V.
(resigned per 1 January 2014)

Report of the Board of Management for the year ended 31 March 2014

The Board of Management submits herewith its report and the financial statements of Toyota Motor Finance (Netherlands) B.V. ("the Company") for the year ended 31 March 2014.

Overview of activities

The principal activity of the Company is to act as a group finance company and to provide finance services for Toyota group companies. The Company raises funds by issuing bonds and notes in the international capital markets and from other sources and on lends to other Toyota companies. The Company also issues guarantees for debt issuances of other Toyota companies.

A profit of € 13.1 million was earned in the year compared to a profit of € 17.4 million for the year ended 31 March 2013.

At the balance sheet date, a total equivalent amount of € 5,855 million had been lent to related companies, compared to € 5,110 million at 31 March 2013.

Gross profit for the year decreased to € 12.9 million from € 13.6 million for the year ended 31 March 2014. The profit before tax for the year of € 17.75 million compares to a profit before tax of € 23.0 million for the year ended 31 March 2014. Whilst gross profit remained broadly constant, the decrease in profit is primarily due to a reduction in mark to market gains on derivatives. More details of the reasons for the volatility of the Company's results are given in Note 10 of the Notes to the Financial Statements.

During the year the Company has increased the proportion of funds from the capital markets, mainly by increasing MTN funding. At 31 March 2014, there were net current liabilities of € 1,009 million, compared to net current assets of € 650 million for the year ending 31 March 2013. The excess of current liabilities over current assets is due to short term funding growth of long term lending and concentration of maturities of long term funding. The excess is expected to be reduced in the coming year by refinancing maturing long term debt into new long term debt and by replacing maturing short term debt by long term debt.

The nature of the activities of the Company has remained unchanged during 2013/2014 from the prior year, and there have been no significant events since the balance sheet date.

Risk management

The Board of Management utilises a risk management policy and receives regular reports from the business to enable prompt identification of financial risks so that appropriate actions may be taken. The Company employs written policy and procedures that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these. Please refer to note 32 to the financial statements where the Company has explained its use of financial instruments.

Composition of the Board

The size and composition of the Board of Managing Directors and the combined experience and expertise should reflect the best fit for profile and strategy of the Company. Currently the Board consists of three male Board members. The Company is aware that the gender diversity is below the goals as set out in article 2.276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new managing directors.

Future outlook

It is expected that the nature of the activities of the Company will remain unchanged during the year to 31 March 2015. Future financial performance is expected to be profitable and will depend largely on the net interest margin earned on loans to Toyota group companies and changes in value of derivatives entered into for risk management purposes.

23 July 2014

Board of Management

Yoriyuki Hirayama

Katsunobu Katayama
(appointed 1 January 2014)

William Kilpatrick
(appointed 1 January 2014).

Statement of comprehensive income for the year ended 31 March 2014

	Note	2014 €'000	2013 €'000
Interest income	5	97,281	103,093
Guarantee fee income	6	3,236	2,980
Revenue		100,517	106,073
Interest expense	7	(81,423)	(87,085)
Fee expenses	8	(6,176)	(5,423)
Cost of funding		(87,599)	(92,508)
Gross profit		12,918	13,565
Administration expenses	9	(3,852)	(3,967)
Net gains / (losses)	10	8,595	13,349
Dividend income	11	89	46
Profit before tax		17,750	22,993
Taxation	13	(4,643)	(5,603)
Profit / (loss) for the year		13,107	17,390
Other comprehensive income, net of tax:			
Fair value gains / (losses) on available for sale investments	29	(34)	(11)
Total comprehensive income for the year		13,073	17,379
Attributable to:			
Owners of the parent		**13,073**	**17,379**

The notes on pages 9 to 38 are an integral part of these financial statements

Statement of financial position as at 31 March 2014

	Note	2014 €'000	2013 €'000
Assets			
Current assets			
Loans to related companies	14	2,205,679	2,332,176
Other receivables	20	223,581	12,669
Current tax assets	21	166	1,183
Derivative financial instruments	16	189,804	232,192
Cash and cash equivalents	22	1,390	322
Total current assets		2,620,620	2,578,542
Non-current assets			
Loans to related companies	14	3,649,478	2,778,066
Available-for-sale investment - related company	15	778	811
Property, plant and equipment	17	37	49
Intangible assets	18	2	4
Total non-current assets		3,650,295	2,778,930
Liabilities			
Current liabilities			
Borrowings	23	3,251,368	1,695,529
Derivative financial instruments	16	335,414	124,450
Financial guarantee liability	24	3,193	3,743
Other liabilities and accrued expense	25	39,348	104,672
Bank overdraft	22	1	9
Total current liabilities		3,629,324	1,928,403
Net current assets / (liabilities)		(1,008,704)	650,139
Non-current liabilities			
Borrowings	23	2,507,820	3,310,453
Deferred tax liabilities	19	4,845	2,763
Total non-current liabilities		2,512,665	3,313,216
Net assets		**128,926**	**115,853**
Shareholder's equity			
Equity attributable to owners of the parent			
Share capital	27	908	908
Retained earnings	28	127,995	114,888
Fair value reserve	29	23	57
Total shareholder's equity		**128,926**	**115,853**

The notes on pages 9 to 38 are an integral part of these financial statements

Statement of changes in equity for the year ended 31 March 2014

Attributable to: Owners of the parent	**Note**	**Share Capital €'000**	**Retained Earnings €'000**	**Fair Value Reserves €'000**	**Total €'000**
Balance at 31 March 2012		908	97,498	68	98,474
Fair value gains / (losses)		-	-	(11)	(11)
Profit for the year		-	17,390	-	17,390
Total comprehensive income for the year		-	17,390	(11)	17,379
Balance at 31 March 2013		908	**114,888**	**57**	**115,853**
Fair value gains / (losses)	29	-	-	(34)	(34)
Profit for the year	28	-	13,107	-	13,107
Total comprehensive income for the year		-	13,107	(34)	13,073
Balance at 31 March 2014		**908**	**127,995**	**23**	**128,926**

The notes on pages 9 to 38 are an integral part of these financial statements

Statement of cash flows for the year ended 31 March 2014

	Note	2014 €'000	2013 €'000
Cash flow from operating activities			
Cash used in operations	32	(1,152,008)	(269,784)
Interest received		97,870	107,494
Interest paid		(73,296)	(91,099)
Tax paid		(1,544)	(2,244)
Net cash used in operating activities		(1,128,978)	(255,633)
Cash flow from investing activities			
Purchase of equipment and software		(3)	-
Dividend income	11	89	46
Net cash generated from investing activities		86	46
Cash flow from financing activities			
Proceeds from borrowings		15,388,071	14,117,412
Repayment of borrowings		(14,257,441)	(14,063,063)
Net cash generated from financing activities		1,130,630	54,349
Net (decrease) / increase in cash and cash equivalents		1,738	(201,238)
Cash and cash equivalents at the beginning of the year		313	201,491
Exchange gains / (losses) on cash and cash equivalents		(662)	60
Cash and cash equivalents at the end of the year	22	**1,389**	**313**

The notes on pages 9 to 38 are an integral part of these financial statements

Notes to the Financial Statements

1. General information

Toyota Motor Finance (Netherlands) B.V. ('the Company') is a wholly owned subsidiary of Toyota Financial Services Corporation. The principal activity of the Company is to act as a finance company. The Company raises funds by issuing bonds and notes in the international capital markets and from other sources and on lends to other Toyota companies. The Company also issues guarantees for debt issuance of other Toyota companies.

The Company is incorporated and domiciled in the Netherlands. The address of its registered office is World Trade Center, Tower H, Level 10, Zuidplein 90, 1077 XV, Amsterdam, The Netherlands.

The ultimate holding company and controlling party and the largest undertaking into which the Company's results are consolidated is Toyota Motor Corporation, which is incorporated in Japan.

The smallest undertaking into which the Company's results are consolidated is Toyota Financial Services Corporation, which is incorporated in Japan.

The Financial Statements of the Toyota Motor Corporation can be obtained from http://disclosure.edinet-fsa.go.jp/.

These financial statements have been approved for issue by the Board of Management on 23 July 2014.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Company has no subsidiary, joint venture or associated company investments and is therefore not required to produce consolidated financial statements.

Basis of preparation

- The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and also in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code.
- As a result of the accounting policies adopted, the Financial Statements of the Company are also consistent with all IFRS issued by the International Accounting Standards Board (IASB) and interpretations issued by IFRIC.
- The Financial Statements have been prepared under the historic cost convention, as modified by the revaluation to fair values of available-for-sale financial assets, and financial assets and liabilities at fair value through profit or loss
- The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 3.
- The Company's Financial Statements are presented in Euros, which is the Company's functional and reporting currency. Except as indicated financial information presented has been presented in Euros and rounded to the nearest thousand.

Going concern

There was an excess of current liabilities over current assets at 31 March 2014. The Company intends to reduce the excess by refinancing maturing long term debt into new long term debt and by replacing short term debt by long term debt. Management of liquidity risk is explained in note 32.5 and, having assessed the available liquidity facilities and credit support facilities in place, the directors have a reasonable expectation that the company has adequate resource to continue to fund its current obligations for the foreseeable future and therefore the Financial Statements have been prepared on a going concern basis.

Changes in accounting policy and disclosures

New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning 1 April 2013:

Amendment to IAS 1, ‘Financial statement presentation’ regarding other comprehensive income. The main change resulting from this amendment is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 13, ‘Fair value measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IFRS 7 Financial Instruments; On 16 December 2011, the International Accounting Standards Board (IASB) issued an amendment to IFRS 7 relating to disclosures that are intended to help investors and other users of financial statements to better assess the effect or potential effect of offsetting arrangements on a company's financial position. These amendments have no impact on Net profit and Total equity of the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2013 and not early adopted

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9’s full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Segmental reporting

The single operating segment is reported in a manner consistent with the internal reporting provided to management.

Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, in Net gains / (losses).

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other fair value changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other fair value changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement, in Net gains / (losses). Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

Financial assets

Financial assets are classified in the following categories: loans and receivables, available-for-sale investments or financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the investments at initial recognition. Regular-way trades of derivatives contracts are accounted for on a trade date basis, and regular-way trades of all other financial assets are accounted for on a settlement date basis.

a) Loans and receivables

The Company's loans and advances to Toyota group related entities are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, whose recoverability is based solely on the credit risk of the related company and where the Company has no intention of trading the loan. Loans and receivables are initially recognised at fair value including any incremental funding costs. Subsequent recognition is at amortised cost using the effective interest method. Guarantee fees receivable from fellow subsidiaries in respect of debt guaranteed by the Company are included in 'Other receivables'.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally (but not exclusively) investment securities intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in interest rates or market prices. Therefore, based on the expectation of management, available for sale investments are classified between current and non-current. They are initially measured at fair value including direct and incremental transaction costs. Subsequent measurement is at fair value, with changes in fair value being recognised in equity except for impairment losses and translation differences, which are recognised in the income statement. Upon de-recognition of the asset, or where there is objective evidence that the investment security is impaired, the cumulative gains and losses recognised in equity are removed from equity and recognised in the income statement.

c) Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments that the Company has the ability and intention to hold to maturity. They are initially measured at fair value including direct and incremental transaction costs. Subsequent measurement is at amortised cost using the effective interest method.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Derivatives are categorised as 'held for trading' unless they are designated as hedging instruments. Currently no derivatives have been designated as hedging instruments. The Company enters into derivatives to mitigate the risks associated with other underlying financial assets and financial liabilities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into are subsequently corrected at fair value. Transaction costs are expensed in the income statement. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Currently none of the Company's derivatives have been designated as hedging instruments. Consequently, all changes in the fair value of any derivative instruments, net of accrued interest on derivatives, are recognised immediately in the income statement, within net gains / (losses). Accrued interest on derivatives is recorded in the income statement within "interest expense and similar charges".

Impairment of financial assets

A financial asset, or portfolio of financial assets, is impaired, and an impairment loss incurred, if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. The Company assesses financial assets for impairment at each balance sheet date. Evidence of impairment would include a debt issuer being unable to pay as and when the debt falls due.

The Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making a collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted, on the basis of current observable data, to reflect the effects of current conditions not affecting the period of historical experience.

Impairment losses are recognised in profit or loss and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses.

If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset or group of financial assets, interest income is recognised on the carrying amount using the effective interest rate at which estimated future cash flows were discounted in measuring impairment.

Property, plant and equipment

Items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to profit or loss on a straight-line basis so as to write off the depreciable amount of property, plant and equipment over the estimated useful life of the assets as follows:

- Fixture & Fittings: 5 years
- Furniture: 5 years
- Computer hardware: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in "Administration expenses" in the Statement of comprehensive income.

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the asset's estimated useful life and is included in "Depreciation and amortisation".

The estimated useful economic lives are as follows:

- Computer software: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of items of intangible assets are determined by comparing proceeds with carrying amount. These are included in other Administration expenses in the Statement of comprehensive income.

Impairment of non-financial assets

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Property, plant and equipment, and intangible assets are subject to an impairment review if there are events or changes in circumstance which indicate that the carrying amount may not be recoverable.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and deposits which can be realised within three months. These include overnight money market deposits with banks, current account and deposit account balances with banks and short-term investments.

Cash and cash equivalents are measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently at amortised cost. Recognition and de-recognition is on a settlement basis.

Depending on the maturity date of the contract the borrowing is classified as current or non-current.

Taxation

The charge for current tax is based on the results for the period as adjusted for items that are not taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the reporting entity and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Guarantees

The Company issues guarantees to debt holders of fellow Toyota Motor Corporation subsidiaries. The Company receives guarantee fees from these fellow subsidiaries in respect of the guaranteed debt in issuance. Guarantees are classified as financial liabilities under IAS39 (amended), and as such the guarantees are recognised on balance sheet.

The guarantees are initially stated at fair value, which is determined by reference to the present value of the future fee cash flows at the point of issuance of the debt being guaranteed. Guarantees are derecognised at the point of repayment of the guaranteed debt.

Subsequent measurement of the guarantee liability is the higher of the amount determined by IAS 37 “Provisions, contingent liabilities and contingent assets” or the amortised initial present value recognition of the guarantee using the effective interest rate method.

Revenue recognition

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and subsequently continues unwinding the discount as interest income.

The effective interest rate method calculates the amortised cost of a financial asset or liability, and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all amounts received or paid by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition or issue of a financial instrument, and all other premiums and discounts.

Interest on derivatives and the amortisation of the interest component of foreign exchange derivatives are recognised on an effective yield basis within interest expense in the Statement of comprehensive income.

Guarantee fee income

Guarantee fee income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Dividend income

Dividend income is recognised when the right to receive payment is established.

3. Critical accounting estimates and judgements

The notes to the Financial Statements set out areas where significant judgement, complex calculations or assumptions have been used to arrive at the financial statements presented. Areas of significant judgement or complexity will include the fair valuation of financial instruments, loans and fair value of guarantees.

3.1 Fair value estimation of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and market assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps, cross currency swaps and forward foreign exchange contracts is calculated as the present value of the estimated future cash flows.

The nominal value less impairment provision of other receivables and payables, normally maturing within 30 days, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

3.2 Initial valuation guarantee liability

The initial fair value recognition of guarantee liabilities, in relation to related party debt issuance, is required by IAS 39. As the guarantees of related party debt are not actively traded and no initial fee is charged for entering into the guarantee, a valuation technique is required to assess the initial liability to the third party debt holder.

The Company uses the discounted future income cash flows over the life of the guarantee to assess the initial guarantee liability. The initial recognition of the guarantee liability is calculated using the market interest rates applicable to the specific currency of debt issuance on the date the related party issues the debt.

The estimation of the initial fair value of the guarantees is subject to a significant level of management judgement and complexity, as the individual related group companies do not have a separate credit rating from that of the overall Toyota Motor Corporation group.

A guarantee asset is recognised of an amount equal to the guarantee liability. Changes in the value of the guarantee liability are matched by equal changes in the value of the guarantee asset; since such changes have no impact on the Income Statement, no sensitivity analysis of the guarantee liability is included in the notes to the Financial Statements.

4. Segment information

The Company consists of a single operating reporting segment as defined under IFRS 8. Income generation is principally from lending to related companies, with other income generation from guarantees of related companies and from other investment and deposit income incidental to the primary funding activities.

Income can be categorized geographically as follows:

Income by area	**2014 €'000**
Russia (group)	31,832
UK (group)	21,912
Norway (group)	11,936
Other countries (group)	34,593
Interest received from others	245
Total	**100,518**

Income by area	**2013 €'000**
Russia (group)	23,959
UK (group)	23,435
Norway (group)	15,168
Other countries (group)	43,262
Interest received from others	249
Total	**106,073**

Segments are not shown by customer as the income, apart from third party interest, is from within the group, which is controlled by Toyota Motor Corporation.

5. Interest income

Interest income	**2014 €'000**	**2013 €'000**
Interest income on loans to related companies	97,036	102,844
Interest income on deposits	10	227
Interest receivable (corporation tax)	-	19
Interest income on collateral deposits paid	235	3
Total	**97,281**	**103,093**

6. Guarantee fee income

The Company guarantees the debt of certain other Toyota Motor Corporation subsidiaries, for which it receives guarantee fee income. All guarantee fee income is from related parties. Guarantee fee income for the year 2014 was € 3,236,000 (2013: € 2,980,000).

7. Interest expense

Interest expense	**2014 €'000**	**2013 €'000**
Interest expense on loans from related parties	(5,088)	(8,585)
Interest expense from bank borrowing	(10,391)	(13,159)
Net interest on swap agreements	27,313	27,779
Interest charge on euro medium term notes	(87,331)	(88,957)
Interest expense on commercial paper	(3,900)	(3,080)
Interest component of foreign exchange derivative contracts	(1,983)	(743)
Interest on bank overdraft	(3)	(10)
Interest expense on collateral deposits received	(40)	(330)
Total	**(81,423)**	**(87,085)**

8. Fee expenses

The Company has the benefit of credit support agreements with Toyota Financial Services Corporation and Toyota Motor Corporation, for which it pays credit support fees based on the Company's debt issuance and guarantees issued to related parties. The credit support fees paid in the year to related parties were € 6,176,000 (2013: € 5,423,000).

9. Administration expenses

Administration expenses	**2014 €'000**	**2013 €'000**
Staff costs	(1,194)	(1,251)
Auditor's remuneration	(254)	(329)
Legal fees	(489)	(392)
Tax advisor fees	(15)	(38)
Rating annual fee	(122)	(80)
Commitment facility fee	(306)	(397)
Communication expense	(122)	(116)
Office rent	(120)	(121)
Other administration expenses	(1,212)	(1,223)
Depreciation of PPE and write off of PPE	(16)	(17)
Amortisation of intangible assets	(2)	(3)
Total	**(3,852)**	**(3,967)**

Other administration expenses include related party costs of € 655,000 (2013: € 739,000) for business services.

The Company had an average of 9 employees, 2 seconded and 7 local (2013: 10 employees, 2 seconded and 8 local) during the year.

Staff costs consist of the following expenses and include the payroll costs of seconded employees.

Staff costs	**2014 €'000**	**2013 €'000**
Wages, salaries and bonuses (on accruals basis)	(1,075)	(1,130)
Social security costs	(68)	(70)
Pension costs (defined pension scheme on accruals basis)	(51)	(51)
Total	**(1,194)**	**(1,251)**

Payments to key management below consist of all payments and benefits to directors of the Company and include all payments to TMF Netherlands B.V., as a corporate director for the period 1 April 2013 – 31 December 2013 and for other services rendered to the Company (see note 29 Related-party transactions for details).

Compensation to key management	**2014 €'000**	**2013 €'000**
Short term employee benefits	(305)	(287)
Fees paid to corporate director	(32)	(34)
Total	**(337)**	**(321)**

10. Net gains / (losses)

Net gains and losses arise from both foreign exchange rate movements and from interest rate movements on the following categories of financial instruments:

Net gains / (losses)	**2014 €'000**	**2013 €'000**
(Losses) / gains arising from foreign exchange rate movements		
Held for trading financial assets or liabilities at fair value through profit or loss	(330,113)	138,748
Loans and receivables at amortised cost	(147,770)	(13,507)
Financial liabilities measured at amortised cost	478,150	(126,246)
	267	(1,005)
Gains / (losses) arising from interest rate movements		
Held for trading financial assets or liabilities at fair value through profit or loss	8,328	14,354
Total	**8,595**	**13,349**

The Company issues loans to related parties, and debt to meet investor demand, in a number of currencies, and then swaps this lending and borrowing back into one of four funding books - US Dollar (USD), Pounds Sterling (GBP), Japanese Yen (JPY) and Euro (EUR) (as described in Note 32.2 'Foreign exchange risk').

The effect of foreign exchange rate movements on the market value of the derivatives is offset by equal and opposite exchange losses or gains on the underlying financial assets and liabilities.

The net gains and losses arising from foreign exchange rate movements arise from the Company's net foreign exposure to GBP, USD, and JPY (as shown in Note 32.2).

The Company has opted to fair value the derivatives whereas the other financial assets and liabilities are measured at amortised cost. The Company does not apply hedge accounting.

Therefore, the effect of interest movements on the market value of the derivatives is not offset by an opposite movement on the underlying financial assets and liabilities leading to volatility in the statement of income.

The decrease from € 14,354,000 gain on the derivatives due to interest rate movements for the year ending March 2013 to € 8,595,000 gain for the year ending March 2014 is caused by the relative larger decline in other currencies interest rates compared to the euro interest rates.

11. Dividend income

The Company received a dividend from Toyota Leasing (Thailand) Co. Ltd. of € 89,000 in the year (2013: € 46,000).

12. Auditor expenses

Administration expenses includes the following fees paid to the Company's auditors PricewaterhouseCoopers Accountants N.V. for the statutory audit.

Auditor expenses	**2014 €'000**	**2013 €'000**
Audit - statutory	(114)	(111)
Audit - other assurance services	(140)	(218)
Total	**(254)**	**(329)**

Other assurance services consists of fees paid to PricewaterhouseCoopers Accountants N.V. for Comfort Letters relating to the issuing of Euro Medium Term Notes. Also included under other assurance services are fees paid to PricewaterhouseCoopers Aarata (Japan) for translation services provided in translating the comfort letters and accompanying documents.

13. Taxation

Taxation	**2014 €'000**	**2013 €'000**
Current		
Taxation on profit for the year	(2,738)	(2,316)
Prior period tax adjustment	177	302
	(2,561)	(2,014)
Deferred		
Origination / reversal of timing differences	(2,082)	(3,589)
Total	**(4,643)**	**(5,603)**

The tax on the Company's profit before tax differs from the theoretical amounts that would arise using the weighted average tax rate applicable to the profits of the Company as follows:

Reconciliation of tax charge	**2014 €'000**	**2013 €'000**
Profit before tax	17,751	22,993
Average applicable tax rate for the year	24.89%	24.88%
Tax calculated at domestic tax rates applicable	(4,418)	(5,721)
Change in tax rates on deferred tax balances	(9)	(17)
Irrecoverable withholding tax	(414)	(277)
Tax deduction on loans	-	100
Taxable expense	(1)	(1)
Non taxable income	22	11
Prior period tax adjustment	177	302
Total	**(4,643)**	**(5,603)**

The current tax rate is 25.00% for calendar year 2014 (2013: 25.0%, 2012: 25%) in the Netherlands.

14. Loans to related companies

The Company lends to other Toyota Motor Corporation subsidiaries on both a fixed rate and a floating rate basis. All fixed rate lending is swapped into floating on either a three month or six month floating basis in line with the Company's risk management policy.

The currency of related party lending is determined by counterparty demand and then either funded directly from one of four main funding books (USD, GBP, JPY and EUR) or swapped back into the appropriate funding currency using a matching currency swap.

Loans to related companies	**2014 €'000**	**2013 €'000**
Current loans to related companies	2,205,679	2,332,176
Non current loans to related companies	3,649,478	2,778,066
Total	**5,855,157**	**5,110,242**

No related party loans are overdue and there is no impairment of related party loans either in the current or previous financial years. There has been no renegotiation of any loans that would otherwise have been past due or impaired.

Interest rates on group lending can be either fixed or floating. The interest range for group lending on 31 March 2014 was between 0.26% and 9.60% per annum dependent on the currency of the loan.

No impairment provisions or losses have been incurred in the current or previous financial year for any class of financial asset.

15. Available-for-sale investment - related company

The Company owns 0.05% (2013: 0.05%) of the issued share capital of Toyota Leasing (Thailand) Co. Ltd. ("TLT"), a company domiciled in Thailand. TLT has issued share capital of 45 million shares (face value 1,000 Thai Bath (THB) per share) (2013: 45 million shares). Of the registered share capital of THB 45,000,000,000, THB 13,500,000,000 is fully paid up. The original cost of the investment in 1997 was € 750,000.

Management has assessed the fair value of the investment in TLT with reference to discounted cash flow modelling of TLT assets and liabilities, and by applying the current market interest rates and exchange rates prevailing on 31 March 2013. The investment in TLT shares at the balance sheet date is measured at fair value.

The valuation of TLT, although using third party market data to value the Company, is subject to significant management judgement when assessing the probable cash flows from the current asset base.

Investment in Toyota Leasing (Thailand) Co. Ltd.	**2014 €'000**	**2013 €'000**
Balance at the start of year	811	822
Fair value adjustment	(33)	(11)
Total	**778**	**811**

16. Derivative financial instruments

The derivative financial instruments are categorised as held for trading and are carried at fair value through profit or loss. The fair values of derivative contracts are shown in the table below. Additional disclosures are set out in the accounting policies relating to risk management.

Derivative financial instruments - Assets	**2014 €'000**	**2013 €'000**
Interest swaps	6,104	11,686
Cross-currency swaps	179,295	201,419
Forward foreign currency contracts	4,405	19,087
Total	**189,804**	**232,192**

Derivative financial instruments - Liabilities	**2014 €'000**	**2013 €'000**
Interest swaps	11,664	18,252
Cross-currency swaps	312,588	105,957
Forward foreign currency contracts	11,163	241
Total	**335,414**	**124,450**

In accordance with IAS 39, "Financial instruments: Recognition and measurement", the Company has reviewed all contracts for embedded derivatives and found there are none.

Derivative assets and liabilities are recognised at fair value through the Statement of comprehensive income. Derivative assets of € 189,804,000 and liabilities of € 335,414,000 are therefore shown as short term, irrespective of when the contract matures. This leads to volatility in current assets and current liabilities due to an accounting mismatch. Within the derivative assets, contracts for an amount of € 111,478,000 have a maturity date beyond 1 year and within the derivative liabilities contracts with a maturity date beyond one year amount to € 292,488,000. The majority of derivative contracts have collateral agreements attached therefore the debit/credit valuation adjustment is not considered material and is not considered in determining the fair value of derivative assets and liabilities.

17. Property, plant and equipment

Property, plant and equipment	**2014 Computer hardware and office equipment €'000**	**2013 Computer hardware and office equipment €'000**
Cost		
Cost b/fwd at 1 April 2013 / 2012	89	89
Additions	4	-
Disposals	(13)	-
Total	**80**	**89**
Depreciation		
Depreciation b/fwd at 1 April 2013 / 2012	40	23
Depreciation charge for the year	16	17
Disposals	(13)	-
Total	**43**	**40**
Reconciliation at the beginning and end of the year		
Opening net book amount - at 1 April 2013 / 2012	49	67
Closing net book amount - at 31 March 2014 / 2013	**37**	**49**

18. Intangible assets

Intangible assets	**2014 Computer software €'000**	**2013 Computer software €'000**
Cost		
Cost b/fwd at 1 April 2013 / 2012	25	25
Disposals	(16)	-
Total	**9**	**25**
Amortisation		
Amortisation b/fwd at 1 April 2013 / 2012	21	18
Amortisation charge for the year	2	3
Disposals	(16)	-
Total	**7**	**21**
Reconciliation at the beginning and end of the year		
Opening net book amount - at 1 April 2013 / 2012	4	7
Closing net book amount - at 31 March 2014 / 2013	**2**	**4**

19. Deferred tax

Deferred tax is provided in full on temporary differences under the balance sheet liability method, using the current tax rate of 25.0%. The tax rates apply to calendar years.
The movement on the deferred tax account is shown below:

Deferred tax	**2014 €'000**	**2013 €'000**
Deferred tax b/fwd 1 April 2013 / 2012	(2,763)	826
Fair valuation of assets and liabilities through profit or loss	(2,082)	(3,589)
Total	**(4,845)**	**(2,763)**

Deferred tax liabilities have been recognised for all tax gains and other temporary differences giving rise to deferred tax liabilities, because it is possible that these liabilities will crystalise.

20. Other receivables

Other receivables	**2014 €'000**	**2013 €'000**
Deposit on rent	39	35
Prepaid rent	4	35
Collateral deposits paid	218,600	7,200
Other receivable	-	4
Interest receivable (cash collateral posted)	40	-
Related party receivable	1,686	1,639
Non related party receivable	19	13
Guarantee fee receivable	3,193	3,743
Total	**223,581**	**12,669**

Collateral deposits paid are cash deposits with derivative counterparties held as collateral under derivative contracts. The fair value of those deposits approximates the carrying amount.

21. Current taxes

Current taxes are charged based on the prevailing tax rates. The tax rates apply to calendar years and profit for the accounting year is therefore pro-rated between the two calendar years on a day-count basis to compute the effective tax rate. The current tax rates are 25.0% for calendar year 2014 (2013: 25.0%, 2012: 25.0%) in the Netherlands.
Corporation tax asset at 31 March 2014 is € 166,000 (2013: € 1,183,000 asset). The tax payments are made during the year in which the profits are earned on an estimated basis. The extent to which the final taxable charge differs from the original amount estimated, results in a current tax asset or liability due to over or under payment of tax respectively.

22. Cash and cash equivalents

Cash and cash equivalents	2014 €'000	2013 €'000
Cash at bank and in hand	889	173
Short-term bank deposits	501	148
Accrued interest on short term bank deposits	-	1
Cash and bank balances	1,390	322
Bank overdraft	(1)	(9)
Total	**1,389**	**313**

23. Borrowings

Borrowings	2014 Current €'000	2014 Non-current €'000	2013 Current €'000	2013 Non-current €'000
Euro commercial paper	1,015,841	-	759,217	-
Euro medium term notes	783,683	1,932,970	76,631	2,004,017
Loans payable group company	601,581	-	741,477	-
Loans payable bank	850,263	574,850	118,204	1,306,436
Total	**3,251,368**	**2,507,820**	**1,695,529**	**3,310,453**

The Company's principal borrowings are from a Euro short-term commercial paper programme, a long-term Euro medium term note programme, group borrowing and long term bank borrowing. Euro commercial paper is a short-term debt instrument normally issued at a discount and repaid at the face value. The Company can issue commercial paper with maturities between 1 day and 364 days. Interest rates on group and bank borrowings are floating and based on the relevant three months Libor plus spread. The interest range for group and bank borrowings on 31 March 2014 was between 0.08% and 5.47% per annum.

As at the 31 March 2014 there are current borrowings of € 3,251,368,000 (2013: € 1,695,529,000) and non-current borrowings of € 2,507,820,000 (2013: € 3,310,453,000).

24. Financial guarantee liability

The current amortised fair value of guarantee fees outstanding is:€ 3,193,000 (2013: € 3,743,000) and these relate only to guarantees issued in respect of debt issuance for other related group companies (see note 2).

25. Other liabilities and accrued expenses

Other liabilities and accrued expenses	2014 €'000	2013 €'000
Collateral deposits received	35,500	101,200
Interest payable on collateral deposits	5	5
Related party accounts payable	3,326	2,980
Accrued administration expenses	411	437
Other accrued taxes	106	50
Total	**39,348**	**104,672**

Collateral deposits received are cash deposits from derivative counterparties held as collateral under derivative contracts.

26. Capital management

The Company's internal objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to the Company's primary shareholder, Toyota Financial Services Corporation ('TFSC'), by pricing products and services commensurately with the level of risk.

Fiscal equity is accounting equity adjusted for temporary tax timing differences. The main tax timing differences are disclosed in note 19, deferred tax.

Accounting equity is defined as the sum of issued share capital (see note 27).

During the financial year 2014 the Company's capital management strategy remained unchanged from the financial year 2013 and was to operate profitably and to add to retained reserves.

The Company has complied with internal capital requirements by maintaining adequate capital during the year.

27. Share capital

Share capital	2014 €'000	2013 €'000
Authorised		
10,000 (2013: 10,000) ordinary shares of Euro 454 each	4,540	4,540
Issued and fully paid up		
2,000 (2013: 2,000) ordinary shares of Euro 454 each	908	908

100% of the share capital of the Company is owned by Toyota Financial Services Corporation (see note 1).

28. Fair value reserve

Fair value reserve	**€'000**
At 1 April 2012	68
Movement	
Gross unrealised gains on available-for-sale financial assets	(11)
At 31 March 2013	**57**
Gross unrealised losses on available-for-sale financial assets	(34)
At 31 March 2014	**23**

The fair valuation reserve arises from the fair valuation through equity of available for sale financial assets and the related deferred taxation on the fair valuation adjustment.

29. Related-party transactions

Parent and ultimate controlling party

The Company is a wholly-owned subsidiary of Toyota Financial Services Corporation (TFSC), a company incorporated in Japan. The ultimate holding company and controlling party is Toyota Motor Corporation (TMC), a company incorporated in Japan.

Transactions with parent companies

During the year TFSC provided credit support to the Company in respect of group loans, debt issuance in the capital markets and related party guarantees. The fees charged were € 6,176,000 (2013: € 5,423,000) with € 3,174,000 (2013: € 2,737,000) outstanding at year end. The outstanding amount bears no interest and there are no fixed repayment terms.

Fellow subsidiaries

During the year transactions were entered into with the following TMC subsidiaries:-

Toyota (GB) PLC
Toyota Digital Cruise Europe NV/SA
Toyota Financial Services Korea Co. Ltd.

Toyota Financial Services (UK) PLC, as well as its subsidiaries and associated undertakings;

Toyota Financial Services (UK) PLC subsidiaries:-
Toyota Finance Finland Oy
Toyota Financial Services Czech s.r.o.
Toyota Financial Services Slovakia s.r.o.
Toyota Financial Services Danmark A/S
Toyota Financial Services Hungary Rt.

Toyota Financial Services (UK) PLC associated undertakings:-
Toyota Financial Services (South Africa) (Proprietary) Limited

Toyota Kreditbank Gmbh, as well as with its branches and subsidiaries;

Toyota Kreditbank branches:-
Toyota France Financement
Toyota Financial Services Norway
Toyota Financial Services Sweden
Toyota Financial Services Spain

Toyota Kreditbank subsidiaries:-
Toyota Bank Polska S.A.

Toyota Leasing GmbH
Toyota Leasing Polska Sp.z o.o.
ZAO Toyota Bank

Toyota Leasing (Thailand) Co. Ltd
Toyota Motor Credit Corporation
Toyota Capital Malaysia Sdn. Bhd.(formerly UMW Toyota Capital Sdn.Bhd)

Transactions with fellow subsidiaries

Guarantees

The Company earned € 3,236,000 (2013: € 2,980,000) from fellow subsidiaries as guarantees fees. The amount relating to the guarantee fees that remained unpaid at year-end was
€ 1,685,000 (2013: € 1,636,000). The outstanding amount bears no interest and has not been impaired.

Dividends

The Company received € 89,000 (2013: € 46,000) in dividends as disclosed on note 11 on its unlisted investment in Toyota Leasing (Thailand) Co. Ltd.

Borrowings

The Company's borrowings from fellow subsidiaries during the year are shown below. At 31 March 2014, borrowings from other related companies are all short term. Reference is made to Note 23 for the terms and conditions of the borrowings.

Loans from other related companies	**2014 €'000**	**2013 €'000**
Balance at the beginning of the year	741,477	1,481,152
Loans received during the year	2,252,362	2,046,701
Loans repaid during the year	(2,368,738)	(2,718,564)
Interest expense	5,088	8,585
Interest paid	(5,032)	(9,888)
Exchange revaluation of loans from related companies	(23,576)	(66,509)
Total	**601,581**	**741,477**

Lending

The summary of loans to fellow subsidiaries and the income and expenses incurred thereon during the year is set out below:

Loans to related companies	**2014 €'000**	**2013 €'000**
Balance at the beginning of the year	5,110,242	4,917,998
Loans advanced during the year	6,184,537	6,043,559
Loans received	(5,285,213)	(5,771,323)
Interest charged	97,036	102,844
Interest received	(97,624)	(107,245)
Exchange revaluation of related party company loans	(153,821)	(75,591)
Total	**5,855,157**	**5,110,242**

No impairment has been recognised on the amounts outstanding at year-end (see note 14).

Directors

TMF Netherlands B.V., a trust company incorporated in the Netherlands, and Mr. N. Kojima were both acting as a director of the Company until 31 December 2013. TMF Netherlands B.V. and Mr. N. Kojima resigned from the Board of Directors of the Company on January 1, 2014. Mr. K. Katayama and Mr. W. Kilpatrick, CFO of the Company, were appointed director of the Company on January 1, 2014.

Transactions with directors

TMF Netherlands B.V. provides certain administrative services to the Company. During the year TMF Netherlands B.V. was paid € 32,000 (2013: € 34,000) for services as a corporate director (April 1, 2013 – December 31, 2013). These amounts are included in Administration expenses (see note 9). The amount outstanding at year-end was € nil (2013: € 7,000).

Summary of related party payables included in other liabilities

Summary of related party payables included in other liabilities	**2014 €'000**	**2013 €'000**
Credit support fees payable to parent company	3,174	2,737
Business and administration services payable to related companies	152	236
Fees payable to TMF Netherlands B.V. as corporate director	-	7
Total	**3,326**	**2,980**

Summary of guarantees and related party receivables

Summary of guarantees and related party receivables	**2014 €'000**	**2013 €'000**
Related party receivables for guarantees	1,686	1,636
Pre-payment for management fee	-	3
Total	**1,686**	**1,639**

Amounts receivable from related parties have not been impaired.

30. Contingent liabilities

The Company issues guarantees to debt holders of other Toyota Motor Corporation subsidiaries. The Company receives guarantee fees from Toyota Motor Corporation subsidiaries in respect of the guaranteed debt in issuance.

The Company assesses the need for provisions by reviewing the net assets and profitability of the companies for the year ending 31 March 2014. The accounts of the respective debt issuers indicate that there is adequate net equity to cover the borrowings.

No provisions have been required against contingent liabilities in either the current or prior fiscal years.

Set out below is the Euro equivalent of the guarantees issued in relation to debt issuance by other Toyota Motor Corporation subsidiaries.

Contingent liabilities as at 31 March Currency of debt guaranteed	2014 €'000	2013 €'000
Malaysian Ringgit	130,058	117,121
South African Rand	296,633	308,927
Thai Baht	2,037,385	1,596,326
Total	**2,464,076**	**2,022,374**

The nature of the guarantees is that they are unconditional guarantees issued to the debt holders. If for any reason the issuer is unable to pay as and when the debt falls due, the Company may be required to repay the debt on behalf of the issuer. The guarantees are for bills of exchange, commercial paper, medium term notes and bank loans.

31. Cash generated / (used) from operations

Cash generated / (used) from operations	2014 €'000	2013 €'000
Net profit	13,107	17,390
Adjustments for:		
Depreciation and amortisation	17	20
Dividends received	(89)	(46)
Taxation	4,643	5,603
Interest income	(97,281)	(103,093)
Interest expense	81,423	87,085
Fair value unrealised gains and losses	259,397	81,989
Unrealised foreign exchange gains and losses	(237,114)	(8,500)
Changes in working capital:		
(Increase) / decrease in loans to related companies	(899,325)	(272,236)
(Increase) / decrease in other current assets	(211,462)	(8,196)
Increase / (decrease) in other current liabilities	(65,324)	(69,800)
Total	**1,152,008**	**(269,784)**

32. Financial risk management

32.1 Financial risk factors

The Company's principal activities are the lending of funds to other subsidiaries of Toyota Financial Services Corporation (the parent company) and acting as a guarantee vehicle for third party debts of other related companies within the Toyota Motor Corporation group.

The Company's role as a financing vehicle for Toyota related companies exposes it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. The Company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the Company of those risks by matching foreign currency assets and liabilities and through the use of financial instruments, including interest rate swaps, cross-currency swaps and foreign currency contracts, to manage interest rate and foreign currency risk.

In respect of the credit risk arising from the market values of derivative contracts to manage market risks, agreements are concluded to exchange collateral with counterparties to mitigate those credit risks. The board of management utilise a risk management policy and receive regular reports from the business to enable prompt identification of financial risks so that appropriate actions may be taken. The Company employs written policies and procedures that specify guidelines for managing foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these risks.

32.2 Foreign exchange risk

The Company lends to related Toyota group companies in Euros, and other continental European currencies, Sterling, Japanese Yen and US Dollars. The Company actively borrows in a number of currencies to meet investor demand for its issued debt. The Company makes use of cross-currency swaps and forward foreign exchange contracts to match assets and liabilities into specific currency portfolios. The net exposure results in the Company being exposed to foreign exchange risks primarily with respect to Sterling, US Dollars and Yen.

The Company manages its exposure to foreign exchange risk by ensuring that its holdings of financial assets and financial liabilities are matched within each of its four funding currency portfolios, to ensure that any net long or short positions within each currency fall within levels that management consider acceptable.

The remaining net exposures at the balance sheet date were as follows:

Net exposure to foreign exchange risk	**2014 €'000**	**2013 €'000**
Sterling	62,993	60,362
US Dollar	1,472	7,189
Japanese Yen	3,965	4,623
Other	(287)	(358)
Total	**68,143**	**71,816**

The above exposure represents the present value of future foreign currency cash flows discounted at market interest rates at the balance sheet date. The exposure derives from the net equity investment in the three main foreign currency funding books that the Company uses to provide funding to related parties.

The following sensitivity analysis shows the impact on equity, through both Statement of comprehensive income and recognition directly in reserves, of a 5% appreciation and depreciation in the value of the Euro against all other currencies at the balance sheet date.

The assumed 5% parallel shift in currency exchange rates has been based on historic average annual change in exchange rates of the key currencies, in which the Company's net assets are invested.

Sensitivity analysis of the income statement and net assets to changes in exchange rates at the balance sheet date is as follows:

	2014			**2013**		
	Income statement Gain/(Loss) €'000	**Unrealised reserve Gain/(Loss) €'000**	**Total net equity Gain/(Loss) €'000**	**Income statement Gain/(Loss) €'000**	**Unrealised reserve Gain/(Loss) €'000**	**Total net equity Gain/(Loss) €'000**
5 % Euro strengthening	1,683	1	1,684	4,675	3	4,678
5 % Euro weakening	(6,735)	(1)	(6,736)	(5,001)	(3)	(5,004)

32.3 Interest rate risk

The Company has both interest-bearing assets and interest-bearing liabilities. The Company has a policy of maintaining assets and liabilities at floating interest rates. The Company uses swaps, in respect of financial assets, including inter-company lending to manage risk. In respect of borrowing, swaps are used to retain flexibility in the debt capital markets. The interest rate swaps are settled on a bi-annual or quarterly basis with payment or receipt of the difference between the agreed fixed interest rate and the floating interest rate amounts on the principal.

Interest rate risk in relation to the Company's related party lending activities is managed by ensuring that any fixed rate funding is swapped into floating rate, with reset dates typically of a three month duration.

This interest rate profile broadly matches that of the Company's intra-group loan assets either carrying variable coupons with a three month re-pricing or, where fixed for longer periods, are swapped into three month floating rates.

Market risk measurement techniques - Interest rate Value at Risk (VaR)

The Company applies a 'Value at Risk' methodology (VaR) to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions.

Senior management set limits on the value of risk that may be accepted, in line with Toyota group global policy, which are then monitored on a regular basis by senior management via an Asset Liability Committee (ALCO).

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Company might lose, but only to a certain level of confidence (95%).

The Company's VaR measure is based on market data over the preceding 12 months.

Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VaR calculation. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Company's market risk control regime, VaR limits are reviewed by the Board of Directors annually for the trading operations and business units.

Actual exposure against limits, together with the VaR for each business unit, is reviewed monthly by the ALCO.

	2014 Year High €'000	2014 Year Low €'000	2014 Year Average €'000	2014 31 March Closing €'000
Interest rate VaR	1,478	172	632	270

	2013 Year High €'000	2013 Year Low €'000	2013 Year Average €'000	2013 31 March Closing €'000
Interest rate VaR	3,306	761	1,319	3,306

While the table above details the Company's best estimate of the VaR at each balance sheet date, actual results could differ from estimates, as a number of assumptions are used:

- Assumptions are made regarding repayment rates for loans and receivables and projections of future market interest rate changes
- The VaR model assumes a certain 'holding period' until positions can be closed (1 month)

- It also assumes that market movements occurring over this holding period will follow a similar pattern to those that have occurred over 1 month periods in the past.

The Company's interest rate risk exposure derives from the following financial contracts:

Interest rate risk exposure at 31 March 2014	**Fixed rate €'000**	**Floating rate €'000**	**Non-interest bearing €'000**	**Total €'000**
Non-current assets				
Loans to related companies	1,515,684	2,133,794	-	3,649,478
Available for sale investment – related company	-	-	778	778
Current assets				
Loans to related companies	506,886	1,698,793	-	2,205,679
Receivables from affiliated companies	-	-	1,686	1,686
Other financial assets at fair value through profit or loss	-	-	-	-
Other receivables – financial instruments only	-	218,600	-	218,600
Cash and cash equivalents	-	1,390	-	1,390
Current liabilities				
ECP	(50,817)	(965,024)	-	(1,015,841)
EMTN	(577,996)	(205,687)	-	(783,683)
Bank loans	-	(850,263)	-	(850,263)
Loans from related parties	-	(601,581)	-	(601,581)
Affiliated company accounts payable	-	-	(3,326)	(3,326)
Other liabilities and accrued expenses - financial instruments only	-	(35,505)	(517)	(36,022)
Bank overdraft	-	(1)	-	(1)
Non-current liabilities				
EMTN	(1,890,698)	(42,272)	-	(1,932,970)
Bank loans	-	(574,850)	-	(574,850)
Pre-derivative position (a)	(496,941)	777,394	(1,379)	279,074
Nominal value derivatives (b)	447,260	(593,089)	220	(145,609)
Net interest bearing asset / (liability) position (a)+(b)	**(49,681)**	**184,305**	**(1,159)**	**133,465**

Interest rate risk exposure at 31 March 2013	**Fixed rate €'000**	**Floating rate €'000**	**Non-interest bearing €'000**	**Total €'000**
Non-current assets				
Loans to related companies	1,200,979	1,577,087	-	2,778,066
Available for sale investment – related company	-	-	811	811
Current assets				
Loans to related companies	526,353	1,805,823	-	2,332,176
Receivables from affiliated companies	-	-	1,722	1,722
Other financial assets at fair value through profit or loss	-	-	7,203	7,203
Other receivables – financial instruments only	-	-	-	-
Cash and cash equivalents	-	322	-	322
Current liabilities				
ECP	-	(759,217)	-	(759,217)
EMTN	(76,625)	(6)	-	(76,631)
Bank loans	-	(118,204)	-	(118,204)
Loans from related parties	-	(741,477)	-	(741,477)
Affiliated company accounts payable	-	-	(2,980)	(2,980)
Other liabilities and accrued expenses - financial instruments only	-	(101,205)	(487)	(101,692)
Bank overdraft	-	(9)	-	(9)
Non-current liabilities				
EMTN	(1,962,632)	(41,385)	-	(2,004,017)
Bank loans	-	(1,306,436)	-	(1,306,436)
Pre-derivative position (a)	(311,925)	315,293	6,269	9,637
Nominal value derivatives (b)	311,985	(204,370)	127	107,742
Net interest bearing asset / (liability) position (a)+(b)	**60**	**110,923**	**6,396**	**117,379**

Short term borrowing with an original term of less than 6 months is subject to regular interest rate changes on replacement, therefore, short term funding of this nature is classified as floating rate funding in the above tables.

32.4 Credit risk

Counter party exposure from investments, deposits and derivative financial investments is limited to financial institutions with investment-grade credit ratings with more stringent rating thresholds for exposures in excess of 5 years. The amount of exposure to any individual counter-party is subject to a limit, which is reassessed annually.

The Company is exposed to credit risk from its activities as a lender and guarantor of Toyota Motor Corporation operating companies' third party debts in various geographical locations. While the Company's primary credit risk exposure is default by the related companies to which it lends or issues guarantees to third parties, this risk is mitigated by credit support agreements with its parent and ultimate parent company, whereby they have undertaken to the debt and guarantee holders to maintain the net equity of the Company at a specified level.

In addition, the Company's lending and guarantee activity is to significant operating entities as part of the Toyota group, and therefore the Company's continuing trading viability is ultimately dependent upon the trading performance of the Toyota Motor Corporation group as a whole. Lending is on an un-subordinated basis, but there are instances where loans are subordinated to assist in meeting regulatory funding requirements of the borrower.

Derivatives entered into by the Company exclusively to manage its interest rate and currency risk are traded solely with recognised credit institutions with credit ratings as detailed above.

The Company's cash and cash equivalents are held with a selection of banks from a list approved by Toyota Motor Corporation/Toyota Financial Services Corporation within specified limits.

The maximum exposure to credit risk from financial instruments at the balance sheet date is as follows:

Credit risk	**2014 €'000**	**2013 €'000**
Non-current assets		
Loans to related companies	3,649,478	2,778,066
Current assets		
Loans to related companies	2,205,679	2,332,176
Other receivables – financial instruments only	220,285	8,842
Derivative financial instruments	189,804	232,192
Cash and cash equivalents	1,390	322
Contingent liabilities		
Guarantees of related party debt	2,464,076	2,022,374

Agreements to exchange collateral in cash have been concluded with several counterparties to mitigate the credit risk arising from the value of derivative financial instruments shown above. At 31 March 2014, the value of cash collateral received, shown as Collateral deposits received in note 25 within Other liabilities and accrued expenses was € 35,500,000 (2013: € 101,200,000)

Details of the Contingent liabilities are shown in note 31.

The maximum single exposure from derivative assets at the balance sheet date to a single counterparty is € 11,341,000 (2013: € 11,796,000) and the 3 largest counterparty positions represent € 31,861,000 (2013: € 26,737,000).

32.5 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet payment obligations associated with its financial liabilities when they fall due.

The Company regularly forecasts short and medium term funding requirements incorporating information from other related companies and ensures that there is an appropriate level of liquid resources to cover any unforeseen cash requirements.

The Company actively maintains a mixture of long-term and short-term debt maturities, together with long-term committed facilities and liquid investments that are designed to ensure the Company has sufficient available funds for operations. The Company maintains committed credit lines with a syndicate of commercial banks to mitigate the liquidity risk. In addition, the Company has entered into a credit support agreement and a supplemental credit support agreement with its parent company in which it will make sufficient funds available to the Company so that the Company will be able to service the obligations arising out of its capital market borrowing and guarantee obligations respectively.

The credit support agreement and the supplemental credit support agreement provide for termination by either party upon 30 days' written notice to the other party. Such terminations will not take effect until or unless all relevant securities have been repaid or each relevant rating agency has confirmed to the parent company or the Company that the debt ratings of all relevant securities will be unaffected by such termination.

The following table details the expected maturity of non-derivative financial liabilities. The analysis is based on gross contractual (undiscounted) cash flows payable. Foreign currency cash flows included in the table below have been translated using market rates. Where future interest payments are variable, the cash flows are based on the interest rate index at the balance sheet date.

Debt cash flows at 31 March 2014	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Related party borrowings	412,851	189,100	-	-
Bank borrowings	2,505	855,786	581,717	-
Commercial paper	718,018	298,527	-	-
EMTN	25,261	919,169	2,093,854	-
Collateral deposits received	35,500	-	-	-
Total	**1,194,225**	**2,262,582**	**2,675,571**	**-**

Debt cash flows at 31 March 2013	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Related party borrowings	232,135	513,003	-	-
Bank borrowings	236,842	7,494	1,319,918	-
Commercial paper	617,905	141,893	-	-
EMTN	17,337	123,519	2,350,876	-
Collateral deposits received	101,200	-	-	-
Total	**1,205,419**	**785,909**	**3,670,794**	**-**

The following table details the expected maturity of derivative financial instruments. The analysis is based on the gross contractual (undiscounted) cash flows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to current market indices at the reporting date.

Net cash flows at 31 March 2014	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Net settled:				
– Interest derivatives payable / (receivable)	(704)	828	7,237	-
Gross settled:				
– Currency derivatives – receivable	(967,515)	(2,079,405)	(4,050,542)	(72,633)
– Currency derivatives – payable	950,165	2,029,050	4,165,999	67,081
Total derivative cash flows	(18,054)	(49,527)	122,694	(5,552)
Total	**1,176,171**	**2,213,055**	**2,798,265**	**(5,552)**

Net cash flows at 31 March 2013	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Net settled:				
– Interest derivatives	(316)	15,604	5,028	-
Gross settled:				
– Currency derivatives – receivable	(990,140)	(1,854,280)	(4,501,587)	(56,441)
– Currency derivatives – payable	1,004,353	1,148,089	4,123,510	58,463
Total derivative cash flows	13,897	(690,587)	(373,049)	2,022
Total	**1,219.316**	**95,322**	**3,297,745**	**2,022**

The Company has extended loan facilities to related parties and to the extent that these loan facilities are undrawn at the balance sheet date this represents a future lending commitment.

Potential cash outflows from undrawn loan facilities at the reporting date are shown in the table below at the earliest possible drawn down date. The cash flow effect of probable future related party borrowing requirements is monitored through regular cash flow forecasts provided to the Company by the related parties.

Undrawn commitments at 31 March 2014	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Undrawn loan commitments	3,569,593	-	-	-
Total		**-**	**-**	**-**

Undrawn commitments at 31 March 2013	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Undrawn loan commitments	3,867,819	-	-	-
Total	**3,867,819**	**-**	**-**	**-**

32.6 Price risk

The Company is not significantly exposed to equity price risk or commodity price risk.

32.7 Offsetting financial assets and financial liabilities

The following financial instruments are subject to enforceable master netting agreements.

As at 31 March 2014	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities**	**Net collateral exchanged**	**Net assets / (liabilities)**
	€'000	**€'000**	**€'000**	**€'000**
Derivative financial instruments *Collateralized*	147,821	(307,376)	183,100	23,545
Derivative financial instruments *Non Collateralized*	41,983	(28,038)	-	13,945
Total	**189,804**	**(335,414)**	**183,100**	**37,490**

As at 31 March 2013	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities**	**Net collateral exchanged**	**Net assets / (liabilities)**
	€'000	**€'000**	**€'000**	**€'000**
Derivative financial instruments *Collateralized*	202,499	(69,957)	(94,000)	38,542
Derivative financial instruments *Non Collateralized*	29,693	(54,493)		(24,800)
Total	**232,192**	**(124,450)**	**(94,000)**	**13,742**

Financial instruments are settled on a gross basis, however, each party to a master netting agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. All financial instruments on the Balance Sheet are shown on a gross basis.

33. Fair value of financial instruments

Fair value is obtained by calculating the amount at which an asset or liability could be exchanged in an arm's length transaction between informed and willing parties other than in a forced liquidation.

33.1 Financial assets and liabilities at fair value in the statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices);
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	31 March 2014				31 March 2013			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial Assets								
Investment in affiliated company	-	778	-	778	-	811	-	811
Derivative financial instruments	-	189,804	-	189,804	-	232,192	-	232,192
Guarantee fee receivable	-	3,193	-	3,193	-	3,743	-	3,743
Financial Liabilities								
Derivative financial instruments	-	335,414	-	335,414	-	124,450	-	124,450
Related party guarantee	-	3,193	-	3,193	-	3,743	-	3,743

There were no transfers between levels 1 and 2 during the year.

33.2 Financial assets and liabilities at carrying value in the statement of financial position

The following tables compare the carrying value and fair value of those financial assets and liabilities not presented on the statement of financial position at fair value.

	31 March 2014 Level 2		31 March 2013 Level 2	
	Carrying Value €'000	Fair value €'000	Carrying Value €'000	Fair value €'000
Financial assets				
Loans to related parties	5,855,157	5,887,763	5,110,242	5,179,641
Financial liabilities				
Loans payable group company	601,581	601,735	741,477	743,894
Loans payable bank	1,425,113	1,435,121	1,424,640	1,439,055
Euro medium term notes	2,716,653	2,743,449	2,080,648	2,139,241

Financial assets

The fair value calculation for loans to related parties is based on discounting expected future cash flows using an estimated discount rate that reflects the expected future interest rates, derived from quoted market rates at the balance sheet date. Early settlements, credit losses and credit spread assumptions are reviewed periodically, but currently are not relevant to this class of asset.

Statistical methods are used that divide receivables into segments by type of receivables and contractual term.

Financial liabilities

The fair value of borrowings is based on current market prices where available.
Fair value of EMTN is based on the discounted cash flow model that incorporate observable inputs including interest rate yield curves and the appropriate discount rate for the currency and tenor of the cash flow.

Where active market prices are not available, the fair value of fixed interest borrowings is based on future cash flows discounted at the current rate for similar debt or assets with the same remaining maturities.

34. Events occurring after the balance sheet date

There are no events after the balance sheet events to disclose.

Board of Management

Yoriyuki Hirayama

Katsunobu Katayama
(appointed 1 January 2014)

William Kilpatrick
(appointed 1 January 2014)

Other Information

Retained Earnings

In accordance with Article 21 of the Articles of Association, retained earnings are at the disposal of the shareholder in general meeting. Subject to the Company being in a profitable position, the Board of Management may decide to pay an interim dividend subject to the approval of the shareholder in general meeting.

Appropriation of Profit

The Board of Management proposed that the profit for the past financial year be added to the retained earnings.

Auditor's Report

The auditor's report is set out on page 40.

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Independent auditor's report

To the General Meeting of Toyota Motor Finance (Netherlands) B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 March 2014 of Toyota Motor Finance (Netherlands) B.V., Amsterdam, which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Management's responsibility

The Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Toyota Motor Finance (Netherlands) B.V. as at 31 March 2014, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 23 July 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by L.H.J. Oosterloo RA