



# **AIB Investment Management Limited**

Directors' Report and  
Annual Financial Statements  
for the year ended 31 December 2019

Company registration number 01088107

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## Directors and other information

Directors	Thomas Hall Paul Scully
Secretary	Brian Kearns
Registered office	St. Helens 1 Undershaft London EC3A 8AB England
Registered number	01088107
Registered auditor	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Republic of Ireland
Banker	Allied Irish Banks, p.l.c 10 Molesworth Street Dublin 2 Republic of Ireland

## Directors' report

The Directors present herewith their annual report and audited financial statements of AIB Investment Management Limited (the 'Company') for the year ended 31 December 2019. The Directors' responsibilities statement in relation to the financial statements appears on page 7.

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 to include certain matters, such as capital management, principal risks and uncertainties, a review of future developments and subsequent events after the balance sheet date in its strategic report that would otherwise be required to be disclosed in this Directors' report. The strategic report can be found on page 5 of the Annual Report and Financial Statements.

### Going concern

The financial statements have been prepared on a basis other than that of going concern as the Directors are currently considering the future direction of the Company, including the possibility of a members' voluntary winding up. The Directors do not believe that the Company will continue in existence for the foreseeable future. Under this basis of accounting assets are stated at their estimated realisable value and liabilities are stated at their estimated settlement value. As the Company is no longer trading, the recent coronavirus (COVID-19) outbreak is not expected to have an impact on the performance of the Company.

### Directors and Secretary during the year

The Directors of the Company during the year ended 31 December 2019 were:

Thomas Hall  
Paul Scully

The Secretary of the Company from 28 June 2019 for the remainder of the financial year ended 31 December 2019 was Brian Kearns. Iain Hamilton resigned as Secretary on 28 June 2019 and Brian Kearns was appointed on the same date.

### Directors and Secretary's interests

None of the Directors or the Secretary who held office at the end of the financial year had any disclosable interests, as defined in the United Kingdom Companies Act 2006, in the shares of the Company or any other Group undertakings.

No contracts of significance in which a Director or the Secretary had a material interest existed at the end of the year or at any time during the year.

### Directors' loans

None of the Directors received any loans from the Company during the financial year ended 31 December 2019 (2018: nil).

### Directors' indemnities

The Company has not made qualifying third party indemnity provisions for the benefit of its Directors in the Articles of Association.

### Accounting records

The Directors believe that they have complied with the requirements of the Companies Act 2006 with regard to accounting records by allocating personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at the registered office of its ultimate parent Allied Irish Banks, p.l.c, 10 Molesworth Street, Dublin 2.

### Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this financial report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- (b) the Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

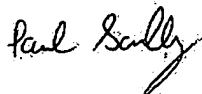
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## Directors' report (continued)

### Independent auditor

Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm has expressed their willingness to continue in office under Section 487 of the Companies Act, 2006.

Approved by the Board of Directors and signed on its behalf by:



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Paul Scully

Director

Date: 29 September 2020

# Strategic report

## Principal activities and future developments

The remaining trading operations of the Company were wound down and the results for the year were treated as discontinued as all material business activities ceased on 24 December 2004.

The Company is a wholly owned subsidiary of Alibank London Nominees Limited which is a wholly owned subsidiary of Allied Irish Banks p.l.c. ('AIB') and receives ongoing resources which enable the Company to meet its obligations as they fall due. The ultimate parent company of AIB Investment Management Limited and AIB is AIB Group plc.

Information concerning the recent coronavirus outbreak is set out in non-adjusting events after the reporting period section below and in note 16.

## Business review

The results for the year are set out in the attached financial statements. The profit for the year, after taxation, amounted to £83k (2018: £66k) which was driven by interest receivable and similar income increasing from £80k in 2018 to £102k in 2019 as a result of improved interest rates. No dividends were declared or paid out during the year ended 31 December 2019 (2018: nil).

The Company had total assets of £12,195k at 31 December 2019 (2018: £12,375k) of which £12,195k relates to amounts due from Group undertakings (2018: £12,375k). Total liabilities reduced from £865k at 31 December 2018 to £604k at 31 December 2019. This was driven by a reduction in funds due to Group undertakings from £754k at 31 December 2018 to £489k at 31 December 2019 as a result of intercompany settlements. Shareholders' equity at 31 December 2019 increased to £11,591k (2018: £11,510k) reflecting the profit for the year.

## Strategy and outlook

The Directors are currently considering the future direction of the Company, including the possibility of a members' voluntary winding up. A decision on this is expected to be made during 2020.

## Principal risks and uncertainties

Information concerning the principal risks and uncertainties facing the Company as required under the terms of the European Accounts Modernisation Directive (2003/51/EEC), is set out in Note 10 to the financial statements.

## Capital management

The Company is dependent on the penultimate parent AIB for its capital and funding.

## Political and charitable donations

The Company made no political or charitable contributions during the year (2018: nil).

## Non-adjusting events after the reporting period

### Coronavirus outbreak

The recent coronavirus outbreak (COVID-19) is a significant risk that the Company and AIB are monitoring closely. The public policy response, at a national and supra-national level, has been rapid and far ranging. Notwithstanding this there remain many uncertainties regarding the prevalence of the virus and future course of the public health response. This makes it difficult to judge the duration, severity and longer term economic implications arising from both the health crisis and the resultant economic downturn. Consequently there are a wide range of possible outcomes for the economies where AIB operates which in turn will affect the financial performance of AIB.

AIB has established a monitoring group to assess the range of possible impacts, recognising emerging Irish and UK Government supports and regulatory guidance and will continue to respond to the situation as it evolves.

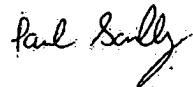
The impact on the Company is expected to be minimal as the Company does not trade. The risk in relation to the nonrecoverability of intercompany loans is not expected to change materially. The Directors expect to fully recover the amounts owed from the Group entity.

There have been no other significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.

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## Strategic report (continued)

Approved by the Board of Directors and signed on its behalf by:



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Paul Scully

*Director*

Date: 29 September 2020

## Directors' responsibilities statement

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

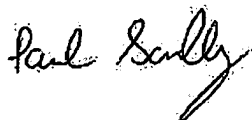
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and applicable law. Under 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, International Accounting Standard 1 requires that Directors:

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

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board,



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Paul Scully  
*Director*

Date: 29 September 2020



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIB INVESTMENT MANAGEMENT LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of AIB Investment Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flows;
- the statement of changes in equity; and,
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – Financial statements prepared on a basis other than that of going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIB INVESTMENT MANAGEMENT LIMITED

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- The strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

#### Matters on which we are required to report by exception

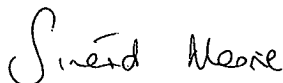
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### Use of our report

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.



Sinéad Moore  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 30 September 2020

## Income statement

for the financial year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Interest receivable and similar income	3	102	80
<b>Total operating income</b>		<b>102</b>	<b>80</b>
<b>Operating profit</b>		<b>102</b>	<b>80</b>
<b>Profit before taxation</b>		<b>102</b>	<b>80</b>
Taxation charge	5	(19)	(14)
<b>Profit for the year</b>		<b>83</b>	<b>66</b>

## Statement of comprehensive income

for the financial year ended 31 December 2019

	2019 £'000	2018 £'000
<b>Profit for the year</b>	<b>83</b>	<b>66</b>
Other comprehensive income for the year	—	—
<b>Total comprehensive income for the year</b>	<b>83</b>	<b>66</b>

The results for the year are wholly attributable to discontinued operations.

See accompanying notes which form an integral part of the financial statements.

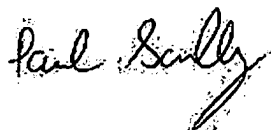
# Statement of financial position

as at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Assets</b>			
Amounts due from Group undertakings	6	12,195	12,375
<b>Total assets</b>		<b>12,195</b>	<b>12,375</b>
<b>Liabilities</b>			
Loans and other payables	7	585	850
Current taxation	8	19	15
<b>Total liabilities</b>		<b>604</b>	<b>865</b>
<b>Shareholders' equity</b>			
Ordinary share capital	9	1,238	1,238
Share premium		25,263	25,263
Capital reserves		915	915
Revenue reserves		(15,825)	(15,906)
<b>Total shareholders' equity</b>		<b>11,591</b>	<b>11,510</b>
<b>Total liabilities and shareholders' equity</b>		<b>12,195</b>	<b>12,375</b>

See accompanying notes which form an integral part of the financial statements.

On behalf of the Board,



Paul Scully  
Director

Date: 29 September 2020

Company registration number: 01088107

# Statement of cash flows

for the financial year ended 31 December 2019

	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>		
Operating profit for the year before taxation	102	80
<b>Changes in operating assets and liabilities</b>		
Net movement in intercompany funds placed	(85)	(73)
<b>Net cash outflow from operating assets and liabilities</b>	<b>(85)</b>	<b>(73)</b>
<b>Net cash flows from operating activities before taxation</b>	<b>17</b>	<b>7</b>
Taxation paid	(17)	(7)
<b>Net cash flows from operations</b>	<b>—</b>	<b>—</b>
<b>Net cash flows from investing activities</b>	<b>—</b>	<b>—</b>
<b>Net cash flows from financing activities</b>	<b>—</b>	<b>—</b>
<b>Change in cash and cash equivalents</b>	<b>—</b>	<b>—</b>
Cash and cash equivalents at 1 January	—	—
<b>Cash and cash equivalents at 31 December</b>	<b>—</b>	<b>—</b>

# Statement of changes in shareholders' equity

for the financial year ended 31 December 2019

	Ordinary share capital	Share premium	Capital reserves	Revenue reserves	Total shareholders' equity
	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2019</b>	<b>1,238</b>	<b>25,263</b>	<b>915</b>	<b>(15,906)</b>	<b>11,510</b>
Total comprehensive income for the period	—	—	—	83	83
<b>At 31 December 2019</b>	<b>1,238</b>	<b>25,263</b>	<b>915</b>	<b>(15,823)</b>	<b>11,593</b>
<b>At 1 January 2018</b>	<b>1,238</b>	<b>25,263</b>	<b>915</b>	<b>(15,972)</b>	<b>11,444</b>
Total comprehensive income for the period	—	—	—	66	66
<b>At 31 December 2018</b>	<b>1,238</b>	<b>25,263</b>	<b>915</b>	<b>(15,906)</b>	<b>11,510</b>

# Notes to the financial statements

## 1. Reporting entity

AIB Investment Management Limited is a private company limited by shares. It is incorporated and domiciled in England & Wales. The address of the Company's registered office is St. Helens, 1 Undershaft, London, EC3A 8AB. The Company's registered number is 01088107.

## 2. Summary of significant accounting policies

The accounting policies that the Company applied in the preparation of the financial statements for the year ended 31 December 2019 are set out below.

### 2.1. Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively 'IFRS'), as issued by the International Accounting Standards Board ('IASB') and subsequently adopted by the European Union ('EU') and applicable for the year ended 31 December 2019.

The accounting policies have been consistently applied by the Company and are consistent with the previous year, unless otherwise described.

### 2.2. Basis of preparation

#### *Going concern*

The financial statements have been prepared on a basis other than that of going concern as the Directors are currently considering the future direction of the Company, including the possibility of a members' voluntary winding up. The Directors do not believe that the Company will continue in existence for the foreseeable future. Under this basis of accounting assets are stated at their estimated realisable value and liabilities are stated at their estimated settlement value.

#### *Functional and presentation currency*

The financial statements are presented in pound sterling ('£'), which is the functional currency of the Company.

#### *Critical accounting judgements and estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

#### *Basis of measurement*

As going concern is no longer applicable, assets are stated at their estimated realisable value and liabilities are stated at their estimated settlement value.

#### *Adoption of new accounting standards*

The following new standard and amendments to standards have been adopted by the Company during the year ended 31 December 2019.

### **IFRS 16 Leases**

The effective date for IFRS 16 *Leases* was 1 January 2019 and was adopted by the Company on that date. The new standard replaces IAS 17 *Leases*. There was no financial impact on the Company on the adoption of IFRS 16.

# Notes to the financial statements

## 2. Summary of significant accounting policies (continued)

### 2.2. Basis of preparation (continued)

#### **Definition of Material (Amendments to IAS 1 and IAS 8)**

The amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policy, Changes in Accounting Estimates and Errors* which were issued in October 2018 and effective for reporting periods beginning on or after 1 January 2020 with earlier application permitted, clarify the definition of material as follows:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”.

The amendments are aimed at improving the understanding of the existing requirements rather than to significantly impact current materiality judgements. The new definition of material is to be used to assess whether information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are not expected to significantly impact on the Company's interpretation of material.

The Company early adopted these amendments with effect from 1 January 2019.

Other amendments resulting from improvements to IFRSs which the Company adopted in 2019 did not have a material impact on the accounting policies, financial position or performance of the Company.

### 2.3. Interest income and expense recognition

Interest income and expense is recognised in the income statement using the effective interest method.

#### **Effective interest rate**

The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The application of the method has the effect of recognising income receivable and expense payable on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating the effective interest rate for financial instruments other than credit impaired assets, the Company estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding expected credit losses. The calculation takes into account all fees, including those for any expected early redemption, and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

#### **Amortised cost and gross carrying amount**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost before adjusting for any loss allowance.

#### **Presentation**

Interest income and expense presented in the consolidated income statement includes interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

### 2.4. Financial assets

#### **Recognition and initial measurement**

The Company initially recognises financial assets, excluding loan assets, on the trade date, being the date on which the Company commits to purchase the assets. Loan assets are recognised when cash is advanced to borrowers.



# Notes to the financial statements

## 2. Summary of significant accounting policies (continued)

### 2.4. Financial assets (continued)

#### Business model assessment

The Company makes an assessment of the objective of the business model at a portfolio level, as this reflects how portfolios of assets are managed to achieve a particular objective, rather than management's intentions for individual assets.

The assessment considers the following:

- The strategy for the portfolio as communicated by management;
- How the performance of the portfolio is evaluated and reported to senior management;
- The risks that impact the performance of the business model, and how those risks are managed;
- How managers of the business are compensated (i.e. based on fair value of assets managed or on the contractual cash flows collected); and
- The frequency, value and timing of sales in prior periods, reasons for those sales, and expectations of future sales activity.

#### Characteristics of the contractual cash flows

An assessment ('SPPI test') is performed on all financial assets at origination that are held within a 'hold-to-collect' or 'hold-to-collect-and-sell' business model to determine whether the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding, and for other basic lending risks and costs (i.e. liquidity, administrative costs), and profit margin.

The SPPI test requires an assessment of the contractual terms and conditions to determine whether a financial asset contains any terms that could modify the timing or amount of contractual cash flows of the asset, to the extent that they could not be described as solely payments of principal and interest. In making this assessment, the Company considers:

- Features that modify the time value of money element of interest (e.g. tenor of the interest rate does not correspond with the frequency within which it resets);
- Terms providing for prepayment and extension;
- Leverage features;
- Contingent events that could change the amount and timing of cash flows;
- Terms that limit the Company's claim to cash flows from specified assets; and
- Contractually linked instruments.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Classification and subsequent measurement

On initial recognition, a financial asset is classified and subsequently measured at amortised cost, Fair value through other comprehensive income ('FVOCI') or fair value through profit and loss ('FVTPL').

The classification and subsequent measurement of financial assets depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset (for assets in a 'hold-to-collect' or 'hold-to-collect-and-sell' business model).

Based on these factors, the Company classifies its financial assets into the following category:

#### Amortised cost

Assets that have not been designated as at FVTPL, and are held within a 'hold-to-collect' business model whose objective is to hold assets to collect contractual cash flows; and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. The carrying amount of these assets is calculated using the effective interest method and is adjusted on each measurement date by the expected credit loss allowance for each asset, with movements recognised in profit or loss.

Amounts due from Group undertakings are classified as financial assets and are recognised and measured accordingly. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Amounts due from Group undertakings are assessed for an expected credit loss ('ECL') at each reporting date.

# Notes to the financial statements

## 2. Summary of significant accounting policies (continued)

### 2.5. Financial liabilities

The Company categorises financial liabilities as at amortised cost or as at fair value through profit or loss. The Company recognises a financial liability when it becomes party to the contractual provisions of the contract.

Financial instruments and their components are classified as liabilities where the substance of the contractual agreement results in the Company having a present obligation to either deliver cash or another financial asset to the holder or to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares.

Financial liabilities are initially recognised at fair value, being the issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost with any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement using the effective interest rate method.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Any gain or loss on the extinguishment or re-measurement of a financial liability is recognised in the income statement.

Amounts due to Group undertakings are classified as financial liabilities and are recognised and measured accordingly.

### 2.6. Derecognition

#### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI, is recognised in profit or loss. Relevant costs incurred with the disposal of a financial asset are deducted in computing the gain or loss on disposal.

The write-off of a financial asset constitutes a derecognition event. Where a financial asset is partially written off, and the portion written off comprises specifically identified cash flows, this will constitute a derecognition event for that part written off.

#### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

### 2.7. Impairment of financial assets

The Company recognises loss allowances for expected credit losses at each balance sheet date for financial assets at amortised cost.

ECLs are the weighted average of credit losses with the respective risks of a default occurring as the weights. When measuring ECLs, the Company takes into account:

- probability-weighted outcomes;
- the time value of money so that ECLs are discounted to the reporting date; and
- *reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.*

Financial assets at amortised cost were assessed for an ECL, see note 6.

## Notes to the financial statements

### 2. Summary of significant accounting policies (continued)

#### 2.8. Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Income tax relating to items in equity is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous financial years.

#### 2.9. Trade and other payables

Trade and other payables are contractual arrangements, resulting in the Company having a present obligation to either deliver cash or another financial asset to the holder. Trade and other payables are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost.

#### 2.10. Share capital

Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Company.

##### *Share capital*

Share capital represents funds raised by issuing shares in return for cash or other consideration. Share capital comprises ordinary shares, convertible non-voting shares and preference shares of the entity.

##### *Share premium*

When shares are issued at a premium whether for cash or otherwise, the excess of the amount received over the par value of the shares is transferred to share premium.

##### *Capital reserves*

Capital reserves represent transfers from retained earnings in accordance with relevant legislation.

##### *Revenue reserves*

Revenue reserves represents retained earnings of the Company.

#### 2.11. Prospective accounting changes

The Directors have considered all IFRSs and interpretations that have been issued, but which are not yet effective and confirm that they do not believe that they will have a significant impact on how the results of operations and financial position are prepared and presented.

# Notes to the financial statements

## 3. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest received from Group undertakings	102	80
	102	80

Interest income reported above, calculated using the effective interest rate method, relates to financial assets carried at amortised cost.

## 4. Operating profit

Accounting and administration services are provided by the penultimate parent company, AIB.

### (a) Auditor's fees

Auditor's remuneration including audit fees, other assurance services, tax advisory services and other non-audit services is borne by AIB.

### (b) Directors' fees

None of the Directors received any fees or other emoluments in respect of either financial year. The Company was administered on behalf of its Directors by AIB.

### (c) Employees

The number of persons employed by the Company during the year was nil (2018: nil). Personnel employed by AIB and a fellow subsidiary provide services to the Company.

## 5. Taxation

	2019 £'000	2018 £'000
Current taxation		
UK Corporation tax on profits for the year	19	14
Total tax charge for the period	19	14

### Effective tax rate

The tax for the period is the standard average rate of corporation tax in the UK for 2019 was 19% (2018: 19%).

	2019 £'000	2018 £'000
Profit/(loss) before tax	102	80
Corporation tax in the UK 19% (2018: 19%)	20	15
Transfer pricing adjustment	(1)	(1)
Current tax charge	19	14

## 6. Amounts due from Group undertakings

	2019 £'000	2018 £'000
Amounts due from Group undertakings	12,195	12,375
	12,195	12,375

Amounts due from Group undertakings are interest bearing and repayable on demand. These loans were assessed for an ECL at 31 December 2019 and 2018. It was determined that the ECL on the intercompany loans at 31 December 2019 was nil (2018: nil), as the Directors expect to fully recover the amounts owed from the Group entity.

# Notes to the financial statements

## 7. Loans and other payables

	2019 £'000	2018 £'000
Loan due to AIB	95	95
Funds due to Group undertakings	489	754
Other creditors and accruals	1	1
	585	850

The loan due to AIB and funds due to Group undertakings are repayable on demand and non-interest bearing.

## 8. Current taxation

	2019 £'000	2018 £'000
Current tax liability	19	15
	19	15

It is AIB policy that where a company uses tax losses from another AIB company to shelter its tax liability, then it will pay the surrendering company for the use of the losses at the corporation tax rate prevailing. The settlement will be paid either in cash or through the intercompany account. This balance represents amounts payable to other AIB group undertakings in relation to tax losses received.

## 9. Called up share capital

	2019 Local \$'000	2019 Base £'000
<b>Authorised</b>		
8,900,000 ordinary deferred shares of £0.05 each	—	445
122,037,620 ordinary shares of US \$0.01 each	1,220	—
<b>Authorised and fully paid</b>		
8,887,620 ordinary deferred shares of £0.05 each	—	444
10,000 ordinary deferred shares of £0.05 each	—	1
122,001,620 ordinary shares of US \$0.01 each	1,220	793
	1,220	1,238

	2018 Local \$'000	2018 Base £'000
<b>Authorised</b>		
8,900,000 ordinary deferred shares of £0.05 each	—	445
122,037,620 ordinary shares of US \$0.01 each	1,220	—
<b>Authorised and fully paid</b>		
8,887,620 ordinary deferred shares of £0.05 each	—	444
10,000 ordinary deferred shares of £0.05 each	—	1
122,001,620 ordinary shares of US \$0.01 each	1,220	793
	1,220	1,238

# Notes to the financial statements

## 10. Risk management

Risk taking is inherent in the provision of financial services and the Company, as part of AIB, assumes a variety of risk in undertaking its business activities. Risk is defined as any event that could: damage the core earnings capacity of the Company; increase earnings or cash flow volatility; reduce capital; threaten business reputation or viability; and/or breach legal obligations. AIB Group has adopted an Enterprise Risk Management approach to identifying, assessing and managing risks.

The key elements of the framework are:

- Risk philosophy;
- Risk appetite;
- Risk governance and risk management organisation;
- Risk identification and assessment process;
- Risk strategy; and
- Stress and scenario testing.

### Risk management - individual risk types

This section provides details of the exposure to, and risk management of, the following individual risk types which have been identified through the AIB risk assessment process and which are relevant to the Company.

- 10.1 Credit risk
- 10.2 Liquidity risk
- 10.3 Operational risk
- 10.4 Non-trading interest rate risk

The 4 applicable risk types are discussed below.

#### 10.1 Credit risk

Credit risk is defined as the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into and that pledged collateral does not fully cover the Company's claims.

The table below sets out the maximum exposure to credit risk that arises within the Company.

	2019	2018
	Amortised cost	Amortised cost
	£'000	£'000
Amounts due from Group undertakings*	12,195	12,375

\* Please see note 2.7 for more detail on ECL and note 6.

#### 10.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to fund its assets and meet its payment obligations as they come due, without incurring unacceptable costs or losses. The objective of liquidity management is to ensure that, at all times, the Company holds sufficient funds to meet its contracted and contingent commitments, at an economic price.

The Company's liquidity risk is managed as part of the overall AIB Group liquidity management. This includes the risk identification and assessment, risk management and mitigation, and risk monitoring and reporting processes. Under this centralised approach the management of liquidity and related activities for the Company is integrated with the Group.

The following table analyses, on an undiscounted basis, financial liabilities by remaining contractual maturity at 31 December 2019 and 2018.

	2019		2018	
	Repayable on demand	Total	Repayable on demand	Total
	£'000	£'000	£'000	£'000
Loan and other payables	585	585	850	850

## Notes to the financial statements

### 10. Risk management (continued)

#### 10.3 Operational risk

Operational risk is the risk arising from inadequate or failed internal processes, people and systems or from external events. This includes legal risk – the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings, but excludes strategic and reputational risk.

The management of operational risk is a line management responsibility. It is supported by specialist operational risk management ('ORM') functions within AIB that assist and advise line management on specific operational risks. Examples include money laundering prevention, compliance, business continuity planning, information security and insurance.

#### 10.4 Interest rate risk

The interest rate sensitivity analysis for the Company as at 31 December 2019 and 2018 is as follows:

							2019
	0<3 Months £'000	3<6 Months £'000	6<12 Months £'000	1<5 Years £'000	5 years + £'000	Non- interest bearing £'000	Total £'000
<b>Assets</b>							
Amounts due from Group undertakings	12,195	—	—	—	—	—	12,195
<b>Total assets</b>	<b>12,195</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,195</b>
<b>Liabilities</b>							
Loans and other payables	—	—	—	—	—	585	585
Current taxation	—	—	—	—	—	19	19
Shareholders' equity	—	—	—	—	—	11,591	11,591
<b>Total liabilities and shareholders' equity</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,195</b>	<b>12,195</b>
<b>Interest sensitivity gap</b>	<b>12,195</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(12,195)</b>	<b>—</b>
<b>Cumulative interest sensitivity gap</b>	<b>12,195</b>	<b>12,195</b>	<b>12,195</b>	<b>12,195</b>	<b>12,195</b>	<b>—</b>	<b>—</b>

							2018
	0<3 Months £'000	3<6 Months £'000	6<12 Months £'000	1<5 Years £'000	5 years + £'000	Non- interest bearing £'000	Total £'000
<b>Assets</b>							
Amounts due from Group undertakings	12,375	—	—	—	—	—	12,375
<b>Total assets</b>	<b>12,375</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,375</b>
<b>Liabilities</b>							
Loans and other payables	—	—	—	—	—	850	850
Current taxation	—	—	—	—	—	15	15
Shareholders' equity	—	—	—	—	—	11,510	11,510
<b>Total liabilities and shareholders' equity</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,375</b>	<b>12,375</b>
<b>Interest sensitivity gap</b>	<b>12,375</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(12,375)</b>	<b>—</b>
<b>Cumulative interest sensitivity gap</b>	<b>12,375</b>	<b>12,375</b>	<b>12,375</b>	<b>12,375</b>	<b>12,375</b>	<b>—</b>	<b>—</b>

## Notes to the financial statements

### 11. Fair value of financial instruments

The term "financial instrument" includes both financial assets and financial liabilities. The fair value of a financial instrument is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date.

The valuation of financial instruments including loans and advances involves the application of judgement and estimation. Market and credit risks are the key assumptions in the estimation of the fair value of loans and receivables.

Fair values are based on observable market prices where available, and on valuation models or techniques where the lack of market liquidity means that observable prices are unavailable. The fair values are measured according to the following fair value hierarchy:

- Level 1 - financial assets and liabilities measured using quoted market prices from an active market (unadjusted).
- Level 2 - financial assets and liabilities measured using valuation techniques which use quoted market prices from an active market or measured using quoted market prices unadjusted from an inactive market.
- Level 3 - financial assets and liabilities measured using valuation techniques which use unobservable market data.

The fair value of financial instruments has been deemed to be equivalent to the book value as the instruments are variable in nature and it is reasonable to assume that the book value is equivalent to the instrument's fair value.

Furthermore, the concept of fair value assumes realisation of financial instruments by way of a sale. However in many cases a sale is unlikely, and the assets and liabilities will be held to maturity.

#### *Amounts due from Group undertakings*

The fair value of balances due from other AIB companies is stated at carrying value.

#### *Loans and other payables*

The fair value of balances due to other AIB companies is stated at carrying value. All other payables are held at amortised cost. The carrying amount is considered representative of fair value.

The following table sets out the classification and measurement of carrying amount of the financial assets and financial liabilities by category as at 31 December 2019 and 2018:

	2019		
	Carrying amount in statement of financial position		
	At amortised cost		Total
	Loans and advances	Other	
	£'000	£'000	£'000
<i>Financial assets</i>			
Amounts due from Group undertakings	12,195	—	12,195
<b>Total assets</b>	<b>12,195</b>	<b>—</b>	<b>12,195</b>
<i>Financial liabilities</i>			
Loans and other payables	—	585	585
<b>Total liabilities</b>	<b>—</b>	<b>585</b>	<b>585</b>



## Notes to the financial statements

### 11. Fair value of financial instruments (continued)

	2018		
	Carrying amount in statement of financial position		
	At amortised cost		Total
	Loans and advances	Other	
	£'000	£'000	£'000
<i>Financial assets</i>			
Amounts due from Group undertakings*	12,375	—	12,375
Total assets	12,375	—	12,375
<i>Financial liabilities</i>			
Loans and other payables**		850	850
Total liabilities	—	850	850

\*Re-presented as 'At amortised cost - Loans and advances'. In 2018, Amounts due from Group undertakings was presented as 'At amortised cost - Other'.

\*\*Re-presented as 'At amortised cost - Other'. In 2018, 'Loans and other payables' was presented as 'At amortised cost - Loans and advances'.

#### Fair value hierarchy

	2019				
	Carrying amount	Fair value hierarchy			
		Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000
<i>Financial assets not measured at fair value</i>					
Amounts due from Group undertakings	12,195	—	—	12,195	12,195
Total assets	12,195	—	—	12,195	12,195
<i>Financial liabilities not measured at fair value</i>					
Loan and other payables	585	—	—	585	585
Total liabilities	585	—	—	585	585

	2018				
	Carrying amount	Fair value hierarchy			
		Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000
<i>Financial assets not measured at fair value</i>					
Amounts due from Group undertakings	12,375	—	—	12,375	12,375
Total assets	12,375	—	—	12,375	12,375
<i>Financial liabilities not measured at fair value</i>					
Loan and other payables	850	—	—	850	850
Total liabilities	850	—	—	850	850

## Notes to the financial statements

### 12. Capital resources

The capital management policy of the Company is governed by AIB Group capital management policies. Capital is regularly assessed and is deemed appropriate for the Company's on-going activities.

### 13. Related parties

The Company has related party relationships with AIB and other AIB entities. Details of transactions between AIB entities are disclosed in notes 2, 3, 4, 6 and 7.

### 14. Reporting currency

The financial statements are presented in pound sterling, which is the functional currency of the Company.

### 15. Ultimate parent company

The immediate controlling party is Alibank London Nominees Limited a company registered in England and a subsidiary of AIB.

AIB Group plc, a company registered in the Republic of Ireland is the holding company of AIB. AIB Group plc is the ultimate parent company and ultimate controlling party of AIB Investment Management Limited.

The financial statements of AIB and AIB Group plc are available from its registered address at AIB, 10 Molesworth Street, Dublin 2. Alternatively, information can be viewed by accessing AIB's website at [www.aib.ie/investorrelations](http://www.aib.ie/investorrelations).

### 16. Non-adjusting events after reporting period

#### *Coronavirus outbreak*

The recent coronavirus outbreak (COVID-19) is a significant risk that the Company and AIB are monitoring closely. The public policy response, at a national and supra-national level, has been rapid and far ranging. Notwithstanding this there remain many uncertainties regarding the prevalence of the virus and future course of the public health response. This makes it difficult to judge the duration, severity and longer term economic implications arising from both the health crisis and the resultant economic downturn. Consequently there are a wide range of possible outcomes for the economies where AIB operates which in turn will affect the financial performance of AIB.

AIB has established a monitoring group to assess the range of possible impacts, recognising emerging Irish and UK Government supports and regulatory guidance and will continue to respond to the situation as it evolves.

The impact on the Company is expected to be minimal as the Company does not trade. The risk in relation to the nonrecoverability of intercompany loans is not expected to change materially. The Directors expect to fully recover the amounts owed from the Group entity.

There have been no other significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.