

ING LONDON (NO. 12) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Registered No. 3021535

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ING LONDON (NO.12) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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ING LONDON (NO.12) LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

A N Marsh
G Richardson

SECRETARY

A N Marsh

REGISTERED OFFICE

60 London Wall
London
EC2M 5TQ

AUDITORS

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

ING LONDON (NO.12) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as investment company

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company has performed in line with the directors' expectations. The profit and loss account for the year is set out on page 7

The directors have assessed the company's ability to continue as a going concern and confirm that they are satisfied that the company currently has adequate resources to continue in business for the foreseeable future. For this reason, they believe it is appropriate to prepare the financial statements of the company on a "going concern" basis.

DIVIDENDS AND TRANSFERS TO RESERVES

During the year the Directors approved and completed a statutory share reduction in which the Share Capital and Share Premium Reserves were reduced by £19,962,852 and £30,000,000 respectively, reducing the issued shares to 10 million and eliminating the Share Premium Reserve in full. The amounts were transferred to the Profit and Loss Reserve from which the Directors proposed and paid a dividend of £1,000,000 (2010: nil) to the sole shareholder, ING UK Holdings Limited.

The profit for the financial year 2011 of £151,593 (2010: Loss of £262,423) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors during the year and up to the signing of these financial statements were

- A N Marsh
- G Richardson

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares or debentures of the company have been granted to any of the directors and their immediate families, or exercised by them, during the financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is mainly exposed to liquidity, foreign exchange, credit and market risks.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. The company mitigates liquidity risk by managing and generating liquidity with group undertakings.

Foreign exchange risk

Foreign exchange risk is the risk that the company's assets and liabilities denominated in foreign currencies are subject to changes in foreign currency rates. The company manages the foreign exchange risk through transactions with group companies in the same currency as the asset or liability denominated in a foreign currency.

Credit risk

Credit risk is the risk that the company's debtors will cause a financial loss by failing to discharge an obligation. This risk is mitigated as most debtor balances are with group companies.

Market risk

Market risk is the risk that the value of the company's investments may change due to changes in interest rates, economic or market conditions. The company manages this risk through the ING Groep N.V. market risk management framework.

ING LONDON (NO.12) LIMITED

RISK MANAGEMENT

The company monitors principal risks and uncertainties through the ING Groep N V risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The framework aims to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risks faced by the company.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with the Companies Act 2006, the company has elected to dispense with the obligation to appoint auditors annually. Ernst & Young LLP are therefore deemed to be re-appointed as the company's auditors for each succeeding year, as long as the election remains in force.

Approved by the board of directors on 4/7/12 and signed on behalf of the Board



G Richardson
Director

ING LONDON (NO.12) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The directors are responsible for keeping proper 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 to 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.

ING LONDON (NO.12) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ING LONDON (NO. 12) LIMITED

We have audited the financial statements of (ING London No 12) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account and the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report and Financial Statements of ING London (No 12) Limited to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

ING LONDON (NO.12) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ING LONDON (NO. 12) LIMITED
(continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

the financial statements are not in agreement with the accounting records and returns, or

certain disclosures of directors' remuneration specified by law are not made, or

we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Andy Bates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

612 July 2012

ING LONDON (NO.12) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Investment income		20,934	37,959
Dividend income		62,537	61,003
OPERATING PROFIT		83,471	98,962
Interest receivable	4	18,352	9,261
Gain on foreign exchange translations		23,679	115,866
Profit/(Loss) on Investments	6	153,279	(338,317)
Management Fees		(123,885)	(188,984)
Other expenses		(3,303)	(2,080)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		151,593	(305,292)
Tax on ordinary activities	5	-	42,869
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		151,593	(262,423)

All results from the previous and current year are from continuing operations

There are no recognised gains or losses for the current or previous year other than as stated in the profit and loss account

The notes on pages 9 to 13 form an integral part of these financial statements


ING LONDON (NO.12) LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments	6	8 310,258	7,917,532
CURRENT ASSETS			
Debtors amounts falling due within one year	7	3,069,308	4,310,441
NET CURRENT ASSETS		<u>3,069,308</u>	<u>4,310,441</u>
NET ASSETS		<u>11,379,566</u>	<u>12 227 973</u>
CAPITAL AND RESERVES			
Called up share capital	8	10,000 000	29,962,852
Share premium account	9	-	30 000,000
Profit and loss account	10	<u>1,379 566</u>	<u>(47,734,879)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>11,379,566</u>	<u>12,227,973</u>

The notes on pages 9 to 13 form an integral part of these financial statements

The board of directors approved the accounts on 4/7/12
Signed on behalf of the board of directors



G Richardson
Director

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

a) Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention and on a going concern basis

Due to the nature of the company's business, it has no equivalent to turnover, cost of sales and gross profit. Such figures are therefore not included in the profit and loss account. The directors believe that this departure from statutory requirements is necessary for the best presentation of company's results.

b) Revenue recognition

Interest income is recognised on an accrual basis at the rate of interest per the terms of agreement with group companies.

Dividend income is recognised on a cash basis.

c) Foreign currencies

Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction.

Assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rate of exchange prevailing at that date. All foreign exchange differences are taken to the profit and loss account.

d) Taxation

The charge for taxation is based on the Profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in accordance with FRS 19. Under FRS 19 full provision is made in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that deferred tax assets are recognised to the extent that they are considered recoverable. Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date.

e) Cashflow statement

Under FRS 1 (Revised 1996) the company is exempt from the requirement to prepare a cashflow statement as it is a wholly-owned subsidiary of ING Groep N V, a company incorporated in the Netherlands, and its cash flows are included in the consolidated cashflow statement within that group's financial statements.

f) Investments

All investments are stated at the lower of cost or net realisable value. If the directors have reason to believe that there has been an impairment of an investment, the loss is reflected in the profit and loss account. The directors assess the net realisable value at each balance sheet date by reference to the net asset value of the investments. On a quarterly basis, impairment review meetings are held to assess whether impairments are required.

On a 7-yearly basis, valuations of the works of art and historical archive are carried out by an external firm which is then used as input for impairment review.

In the opinion of the directors, the aggregate value of the subsidiary undertakings and investment in works of art and historical archive is not less than the aggregate amount at which the assets are included in the company's balance sheet.

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

g) Related party transactions

Under paragraph 3(c) of the Amendment to FRS 8 the company is exempt from making the related party disclosures required by that standard in respect of entities within the ING Groep N V. This is because 100% of the company's voting rights are controlled by that group and consolidated accounts for ING Groep N V, which include the company, are publicly available.

2. ADMINISTRATIVE EXPENSES

For the current and previous financial year, auditors' remuneration was borne by ING Bank N V London Branch and are disclosed in the consolidated financial statements of the ultimate parent undertaking.

3. STAFF COSTS AND DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to this company for the current or previous financial year. ING London (No 12) Limited has no employees (2010: none).

4. INTEREST RECEIVED

	2011	2010
	£	£
Interest received on deposit with other group companies	18,352	9,261
	<u>18,352</u>	<u>9,261</u>

5. TAX

	2011	2010
	£	£
Factors affecting the tax charge for the current period		
The tax (credit) / charge is made up as follows		
Current tax:		
UK Corporation Tax on profit for the year	-	-
Adjustment in respect of prior periods	-	(42,869)
Total current tax (credit) / charge	<u>-</u>	<u>(42,869)</u>
	2011	2010
	£	£
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	<u>151,593</u>	<u>(305,292)</u>
Profit on ordinary activities multiplied by implied rate of corporation tax in the UK at 26.5% (2010: 28%)	40,172	(85,482)
<i>Effects of</i>		
Non-taxable income	(70,325)	(60,015)
Non-deductible expenses	35,002	148,226
Group relief claimed for nil consideration	(4,849)	(2,729)
Adjustments to tax charge in respect of prior period	-	(42,869)
Total current tax charge/(credit)	<u>-</u>	<u>(42,869)</u>

At 31 December 2011, the company had unused non-trading tax losses carried forward. Since there is no certainty of future trading profits against which to utilise these losses, no deferred tax asset has been recognised. The unrecognised deferred tax asset in respect of non-trading losses carried forward is £265,506 (2010: £66,623). The losses are not expected to expire.

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

5. TAX (continued)

The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012. As this change was substantively enacted on 5 July 2011 and therefore before the balance sheet date, the unrecognised deferred tax asset is recognised at 25% in the current period.

As a result of the UK Budget on 21 March 2012, an additional 1% reduction in the main rate of corporation tax to 24% has been announced. This was substantively enacted on 26 March 2012 and will be effective from 1 April 2012. Further reductions to 23% (effective 1 April 2013) and 22% (effective 1 April 2014) have been announced by the UK Chancellor and are expected to be enacted in the Finance Act 2012 and Finance Act 2013 respectively.

The effect on the company of further proposed reductions in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted.

6. INVESTMENTS

	2011 £	2010 £
Group undertakings (a)	-	-
Financial assets (b)	4,015,066	3,624,014
Works of art and historical archive (c)	4,295,192	4,293,518
	<u>8,310,258</u>	<u>7,917,532</u>

(a) Investment in group undertakings

	2011 £	2010 £
At cost		
At 1 January	-	1
Dissolution of group undertaking	-	-
Sale of group undertaking	-	(1)
At 31 December	<u>-</u>	<u>-</u>

(b) Financial assets

Investment in financial assets represents investment in unlisted equity shares

	2011 £	2010 £
At cost		
At 1 January	3,624,014	3,342,183
Additions	362,502	439,733
Impairments	-	(200,711)
Exchange adjustment	28,550	117,804
Cost adjustment	-	(74,995)
At 31 December	<u>4,015,066</u>	<u>3,624,014</u>

During 2011 the company's investment in Concord International Holdings was sold for consideration of USD 250,000. This was a fully impaired investment and the sale proceeds have been recognised in full through the Profit and Loss account.

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

6. INVESTMENTS (continued)

(c) Works of art and historical archive

	2011	2010
At cost	£	£
At 1 January	4 293,518	4,428,124
Additions	1,750	3 000
(Write-off)	(76)	(3 857)
Impairments	-	(133,749)
At 31 December	<u>4 295 192</u>	<u>4 293 518</u>

7 DEBTORS amounts falling due within one year

	2011	2010
	£	£
Tax receivable	11,448	13 728
Amounts owed by group companies	3 057 860	4 296,713
	<u>3,069,308</u>	<u>4,310 441</u>

8 AUTHORISED AND ISSUED SHARE CAPITAL

	2011	2010
	£	£
<i>Authorised</i>		
500 000 000 Ordinary shares of £1 each	<u>500 000 000</u>	<u>500 000 000</u>
<i>Allotted, issued and fully paid</i>		
10,000,000 ordinary shares of £1 each	<u>10 000 000</u>	<u>29 962 852</u>

9 SHARE PREMIUM ACCOUNT

	2011	2010
	£	£
Opening balance	30,000,000	30,000,000
Consumed in statutory share reduction	<u>(30,000,000)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>30 000 000</u>

10 PROFIT AND LOSS ACCOUNT

	2011	2010
	£	£
Opening balance	(47,734,879)	(47,472,456)
Retained profit/(loss) for the financial year	151,593	(262,423)
Consumed in statutory share reduction	49,962,852	-
Dividend paid	<u>(1,000,000)</u>	<u>-</u>
Closing balance	<u>1 379 566</u>	<u>(47,734,879)</u>

ING LONDON (NO.12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Opening shareholders' funds	12 227,973	12,490,396
Profit/(loss) for the financial year	151 593	(262 423)
Dividend paid	(1 000 000)	-
Closing shareholders' funds	<u>11 379 566</u>	<u>12 227 973</u>

12. DIVIDENDS PAID

	2011	2010
	£	£
Ordinary dividend paid	<u>1 000 000</u>	<u>-</u>

During the year the Directors proposed and paid a dividend of £1,000,000 to the sole shareholder, ING UK Holdings Limited

13. POST BALANCE SHEET EVENTS

On 25 June 2012, the company sold 100% of its stake in its HanTech investment to a third party. The net sale proceeds received was TWD\$ 6,759,465

14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There is £2.2 million (USD \$3.4 million) of uncalled capital commitment with respect to the Investcorp fund (2010 £2.7 million (USD \$4.2 million)). There are no other capital commitments or contingent liabilities as at 31 December 2011.

15. CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006.

16. ULTIMATE HOLDING COMPANY

The ultimate parent undertaking is ING Groep N.V., a company incorporated in the Netherlands. ING Groep N.V. is the only undertaking preparing consolidated financial statements, which include the financial statements of ING UK Holdings Limited, of which group the company is a member. Copies of the ultimate parent's consolidated financial statements may be obtained from:

The Secretary,
ING Groep N.V.,
Amstelveenseweg 500,
1081 KL, Amsterdam
The Netherlands