



AIB Asset Management Holdings Limited

**Directors' Report and
Annual Financial Statements
for the year ended 31 December 2020**

Company registration number 03134603



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Directors and other information

Directors	Thomas Hall Paul Scully
Secretary	Elizabeth Hallissey
Registered office	AIB St. Helens 1 Undershaft London EC3A 8AB England
Registered number	03134603
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 Asset Management Holdings Limited ('the Company') for the year ended 31 December 2020. The Directors' responsibility statement in relation to the financial statements appears on page 6.

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.

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.

Directors and Secretary during the year

The Directors of the Company during the financial year ended 31 December 2020 were:

Thomas Hall
Paul Scully

Brian Kearns resigned as Secretary on 11 December 2020 and Elizabeth Hallissey 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 2020 (2019: 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 have complied with the requirements of the Companies Act 2006 with regard to adequate 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 AIB Group plc, 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 report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

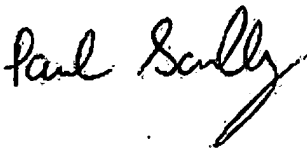
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' report (continued)

Independent auditor

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

By Order of the Board



Paul Scully

Director

Date: 21 September 2021

Strategic report

Principal activities and future developments

AIB Asset Management Holdings Limited ('the Company') was set up as an investment holding company. The Company does not currently hold any interests in any subsidiary undertakings since they were all previously transferred to the penultimate parent company.

Business review

The results for the year are set out in the attached financial statements. The loss for the year, after taxation, amounted to £1k (2019: profit £2k). The loss is due to a tax charge of £1k (2019: charge of £1k). No dividends were declared or paid during the year (2019: nil).

The Company had total assets of £741k at 31 December 2020 (2019: £742k) of which £664k relates to amounts due from Group undertakings (2019: £663k). Total liabilities at 31 December 2020 of £121k are the same as at 31 December 2019. Shareholders' equity at 31 December 2020 decreased to £620k (2019: £621k) reflecting the loss 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 2021.

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 11 to the financial statements.

Capital management

The Company is dependent on the immediate parent company, Allied Irish Banks p.l.c. ('AIB'), for its capital and funding.

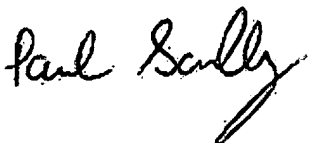
Political and charitable donations

The Company made no political or charitable contributions during the year (2019: nil).

Non-adjusting events after the reporting period

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

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



Paul Scully
Director

Date: 21 September 2021

Directors' responsibility statement

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

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

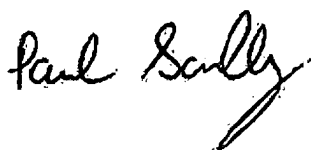
In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board,



Paul Scully
Director

Date: 21 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIB ASSET MANAGEMENT HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AIB Asset Management Holdings Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the financial year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and 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.

The financial statements we have audited comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Shareholders' Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 17, including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union ("the relevant financial reporting framework").

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 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 1.3 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIB ASSET MANAGEMENT HOLDINGS LIMITED

Responsibilities of directors

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. They are also responsible 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Company's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in our report of the extent to which the audit was capable of detecting irregularities, including fraud.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that the use of the going concern basis of accounting is appropriate and no material uncertainties have been identified, we report these conclusions in our auditor's report. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIB ASSET MANAGEMENT HOLDINGS LIMITED

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These include UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

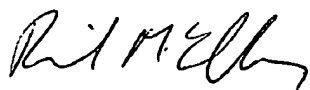
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



David McCaffrey (Senior Statutory Auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2
Date: 23 September 2021

Income statement

for the financial year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Interest and similar income	2	—	3
Operating profit before taxation	3	—	3
Income tax charge	5	(1)	(1)
(Loss)/profit for the financial year		(1)	2

The operating profit arises from continuing operations.

Statement of comprehensive income

for the financial year ended 31 December 2020

	2020 £'000	2019 £'000
(Loss)/profit for the financial year	(1)	2
Other comprehensive income for the year	—	—
Total comprehensive income for the year	(1)	2

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

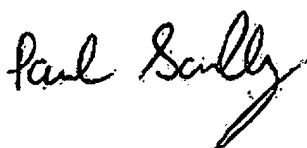
Statement of financial position

as at 31 December 2020

	Note	2020 €'000	2019 €'000
Assets			
Cash and cash equivalents	6	76	77
Amounts due from Group undertakings	7	664	663
Current taxation	8	1	2
Total assets		741	742
Liabilities			
Amounts due to Group undertakings	9	120	120
Accruals and deferred income		1	1
Total liabilities		121	121
Shareholders' equity			
Issued share capital presented as equity	10	84,676	84,676
Share premium		66,487	66,487
Revenue reserves		(150,543)	(150,542)
Total shareholders' equity		620	621
Total liabilities and shareholders' equity		741	742

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

The financial statements were approved by the Board of Directors on 21 September 2021 and signed on its behalf by:



Paul Scully
Director

Date: 21 September 2021

Company registration number: 03134603

Statement of changes in shareholders' equity

for the financial year ended 31 December 2020

	Ordinary share capital	Share premium	Revenue reserves	Total shareholders' equity
	£'000	£'000	£'000	£'000
At 1 January 2020	84,676	66,487	(150,542)	621
Total comprehensive income for the year	—	—	(1)	(1)
At 31 December 2020	84,676	66,487	(150,543)	620
At 1 January 2019	84,676	66,487	(150,544)	619
Total comprehensive income for the year	—	—	2	2
At 31 December 2019	84,676	66,487	(150,542)	621

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

Statement of cash flows

for the financial year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Operating profit for the year before taxation		—	3
Cash flows from operating assets and liabilities			
Change in amounts due from group undertakings		(1)	1
Change in amounts due to group undertakings		—	(1,180)
Net cash flows from operating assets and liabilities		(1)	(1,179)
Net cash flows from operating activities before taxation		(1)	(1,176)
Taxation paid		—	(1)
Net cash flows from operating activities		(1)	(1,177)
Net cash flows from investing activities		—	—
Net cash flows from financing activities		—	—
Change in cash and cash equivalents		(1)	(1,177)
Cash and cash equivalents at 1 January		77	1,254
Cash and cash equivalents at 31 December		76	77

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

Notes to the financial statements

1. Accounting policies

The accounting policies that the Company applied in the preparation of the financial statements for the year ended 31 December 2020 are set out below.

1.1. Reporting entity

AIB Asset Management Holdings Limited is a private company limited by shares. It is incorporated and domiciled in England and Wales. The address of the Company's registered office is AIB, St. Helens, 1 Undershaft, London, EC3A 8AB. The Company's registered number is 03134603.

1.2. 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 2020.

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

1.3. Basis of preparation

Functional and presentation currency

The financial statements are presented in pound sterling (£), which is the functional currency of the Company. Except as otherwise indicated, financial information presented in pound sterling has been rounded to the nearest thousand (£'000).

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.

Use of 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 disclosures 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.

There is no accounting policy that is deemed critical to the Company's results and financial position, in terms of the materiality of the items to which the policy is applied, and there are no key sources of estimation of uncertainty.

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.

Adoption of new accounting standards

During the financial year to 31 December 2020, the Company adopted the following amendments to standards and interpretations which had an insignificant impact on these annual financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standard.

1.4. 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.

Notes to the financial statements

1. Accounting policies (continued)

1.4. Interest income and expense recognition (continued)

Effective interest rate (continued)

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 income statement includes interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

1.5. Income tax

Income tax comprises current 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 financial year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous financial years.

The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

1.6. Financial assets

Recognition and initial measurement

The Company initially recognises financial instruments 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.

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; and
- The risks that impact the performance of the business model, and how those risks are managed.

Characteristics of the contractual cash flows

An assessment ('SPPI test') (solely payments of principal and interest) 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 SPPI 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, for other basic lending risks and costs (i.e. liquidity, administrative costs) and profit margin.

Notes to the financial statements

1. Accounting policies (continued)

1.6. Financial assets (continued)

Characteristics of the contractual cash flows

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 SPPI. 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 SPPI 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 or 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 SPPI. 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.

Due from Group undertakings

Amounts due from Group undertakings are classified as financial assets measured at amortised cost 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.

1.7. 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, 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 remeasurement of a financial liability is recognised in profit and loss.

Due to Group undertakings

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

Notes to the financial statements

1. Accounting policies (continued)

1.8. 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.

1.9. Impairment of financial assets

The Company recognises loss allowances for expected credit losses ('ECLs') at each balance sheet date for the following financial instrument category that is not measured at FVTPL:

- Financial assets at amortised cost.

ECLs are the weighted average of credit losses. These are an estimate of credit losses over the life of a financial instrument. 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 at 31 December 2020 and 2019. The ECL amounted to nil (2019: nil).

1.10. 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 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.

Revenue reserves

Revenue reserves represent retained earnings of the Company.

1.11. Cash and cash equivalents

For the purposes of the cash flow statements, cash comprises cash on hand and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value and with a maturity of less than three months from the date of acquisition.

1.12. Prospective accounting changes

There are no new standards and amendments to existing standards which have been approved by the IASB, but not early adopted by the Company, that will materially impact the Company's financial reporting in future periods.

Notes to the financial statements

2. Interest and similar income

	2020 £'000	2019 £'000
Interest received from Group undertakings	—	3
	—	3

3. Operating profit

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

The number of persons employed by the Company during the year was nil (2019: nil).

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.

4. Auditor's fees

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

5. Taxation

	2020 £'000	2019 £'000
Current taxation		
Current tax charge on income for the year	(1)	(1)
Total income tax charge for the year	(1)	(1)

The tax charge for the year is higher than (2019: equal to) the standard average rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Operating profit before taxation	—	3
Corporation tax in the UK 19% (2019: 19%)	—	(1)
<i>Effects of:</i>		
Transfer pricing adjustment	(1)	—
Tax charge	(1)	(1)

6. Cash and cash equivalents

	2020 £'000	2019 £'000
Funds placed with Allied Irish Banks, p.l.c	76	77
	76	77

Funds placed with AIB earn interest at market rates.

Notes to the financial statements

7. Amounts due from Group undertakings

	2020 £'000	2019 £'000
Funds due from Group undertaking	664	663
	664	663

Amounts due from Group undertakings are non-interest bearing and repayable on demand. These loans were assessed for an ECL at 31 December 2020 and 2019. It was determined that the ECL on the intercompany loans at 31 December 2020 was £nil (2019: £nil), as the Directors expect to fully recover the amounts owed from the Group entity.

8. Current taxation

	2020 £'000	2019 £'000
Corporation tax receivable	1	2
	1	2

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 prevailing. The settlement will be paid either in cash or through the intercompany account. This balance represents amounts receivable from other AIB group undertakings in relation to tax losses surrendered.

9. Amounts due to Group undertakings

	2020 £'000	2019 £'000
Funds due to Group undertaking	120	120
	120	120

Amounts due to Group undertaking are repayable on demand and non-interest bearing.

10. Called up share capital

	2020 £'000	2019 £'000
Authorised:		
8,467,582,176 ordinary shares of £0.01	84,676	84,676
Issued and fully paid:		
8,467,582,176 ordinary shares of £0.01	84,676	84,676

Notes to the financial statements

11. 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 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.

- 11.1 Credit risk
- 11.2 Liquidity risk
- 11.3 Operational risk
- 11.4 Non-trading interest rate risk

The 4 applicable risk types are discussed below.

11.1 Credit risk

Credit risk is defined as the risk that the Company will incur losses as a result of a customer or counterparty being unable or unwilling to meet their contractual obligations. The table below sets out the maximum exposure to credit risk that arises within the Company.

	2020 £'000	2019 £'000
Cash and cash equivalents	76	77
Amounts due from Group undertakings	664	663
Maximum exposure to credit risk	740	740

Amounts due from Group undertakings are non-interest bearing and repayable on demand. These loans were assessed for an ECL at 31 December 2020 and 2019. It was determined that the ECL on the intercompany loans at 31 December 2020 was £nil (2019: £nil), as the Directors expect to fully recover the amounts owed from the Group entity.

11.2 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 liquidity management. This includes the risk identification and assessment, risk management and mitigation, and risk monitoring and reporting processes.

The following table analyses, on an undiscounted basis, financial liabilities by remaining contractual maturity at 31 December 2020 and 2019:

	2020		2019	
	Repayable on demand £'000	Total £'000	Repayable on demand £'000	Total £'000
Amounts due to Group undertakings	120	120	120	120
	120	120	120	120

Notes to the financial statements

11. Risk management (continued)

11.3 Operational risk

Operational risk is the risk arising from inadequate or failed internal processes, people and systems or from external events.

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.

11.4 Interest rate risk

The interest rate sensitivity analysis for the Company as at 31 December 2020 and 31 December 2019 is illustrated in the following tables:

							2020
	0<3 months	3<6 months	6<12 months	1<5yrs	5+ years	Non- interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Cash and cash equivalents	76	—	—	—	—	—	76
Amounts due from Group undertakings	—	—	—	—	—	664	664
Other assets	—	—	—	—	—	1	1
Total assets	76	—	—	—	—	665	741
Liabilities							
Amounts due to Group undertakings	—	—	—	—	—	120	120
Other liabilities	—	—	—	—	—	1	1
Shareholders' equity	—	—	—	—	—	620	620
Total liabilities and shareholders' equity	—	—	—	—	—	741	741
Interest rate sensitivity gap	76	—	—	—	—	(76)	—
Cumulative interest sensitivity gap	76	76	76	76	76	—	—

Notes to the financial statements

11. Risk management (continued)

11.4 Interest rate risk (continued)

							2019
	0<3 months	3<6 months	6<12 months	1<5yrs	5+ years	Non- interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Cash and cash equivalents	77	—	—	—	—	—	77
Amounts due from Group undertakings	—	—	—	—	—	663	663
Other assets	—	—	—	—	—	2	2
Total assets	77	—	—	—	—	665	742
Liabilities							
Amounts due to Group undertakings	—	—	—	—	—	120	120
Other liabilities	—	—	—	—	—	1	1
Shareholders' equity	—	—	—	—	—	621	621
Total liabilities and shareholders' equity	—	—	—	—	—	742	742
Interest rate sensitivity gap	77	—	—	—	—	(77)	—
Cumulative interest sensitivity gap	77	77	77	77	77	—	—

Notes to the financial statements

12. Classification and measurement of financial assets and financial liabilities

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The accounting policy for financial assets in note 1.6 and financial liabilities in note 1.7, describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses at 31 December 2020 and 2019 the carrying amounts of the financial assets and financial liabilities by measurement category as defined in IFRS 9 *Financial Instruments* and by statement of financial position heading.

	2020		
	At amortised cost		Total
	Loans and advances	Other	
	£'000	£'000	£'000
Financial assets			
Cash and cash equivalents	—	76	76
Amounts due from Group undertakings	664	—	664
	664	76	740
Financial liabilities			
Amounts due to Group undertakings	—	120	120
Other financial liabilities	—	1	1
	—	121	121

	2019	
	At amortised cost	
	Loans and advances	Other
	£'000	£'000
Financial assets		
Cash and cash equivalents	—	77
Amounts due from Group undertakings	663	—
	663	77
Financial liabilities		
Amounts due to Group undertakings	—	120
Other financial liabilities	—	1
	—	121

Notes to the financial statements

13. 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.

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 of financial instruments are measured according to the following fair value hierarchy that reflects the observability of significant market inputs:

- 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.

All financial instruments are initially recognised at fair value.

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.

The methods used for calculation of fair value in the year to 31 December 2020 are as follows:

Amounts due from Group undertakings and to Group undertakings

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

Other financial liabilities

All other liabilities are held at amortised cost. The carrying amount is considered representative of fair value.

The following table sets out the carrying amount and fair value of financial instruments across the three levels of the fair value hierarchy at 31 December 2020 and 31 December 2019:

	2020				
	Carrying amount	Fair value			
		Fair value hierarchy			Total
	£'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets not measured at fair value					
Cash and cash equivalents*	76	76	—	—	76
Amounts due from Group undertakings	664	—	—	664	664
	740	76	—	664	740
Financial liabilities not measured at fair value					
Amounts due to Group undertakings	120	—	—	120	120
Other financial liabilities	1	—	—	1	1
	121	—	—	121	121

*Comprises cash on hand

Notes to the financial statements

		2019			
	Carrying amount	Fair value			
		Fair value hierarchy			Total
		Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000	£'000
Financial assets not measured at fair value					
Cash and cash equivalents*	77	77	—	—	77
Amounts due from Group undertakings	663	—	—	663	663
	740	77	—	663	740
Financial liabilities not measured at fair value					
Amounts due to Group undertakings	120	—	—	120	120
Other financial liabilities	1	—	—	1	1
	121	—	—	121	121

*Comprises cash on hand

14. Related party transactions

The Company has related party relationships with AIB and other AIB entities. The table below provides the balances that the Company has with AIB and other AIB entities:

	2020		2019	
	AIB	Fellow subsidiaries	AIB	Fellow subsidiaries
	£'000	£'000	£'000	£'000
Statement of financial position				
Cash and cash equivalents	76	—	77	—
Amounts due from Group undertakings	664	—	663	—
Amounts due to Group undertakings	—	(120)	—	(120)
Statement of comprehensive income				
Interest and similar income	—	—	3	—

Compensation of Key Management Personnel

In the Company, Key Management Personnel ('KMP') comprises of the Directors of the Company. The Company is a subsidiary of AIB. The time and costs of executives and other staff who are primarily employed by AIB are not specifically recharged. The emoluments of the Directors are met by AIB. They do not receive remuneration for services provided to the Company.

Transactions with Key Management Personnel

There were no transactions between the Company and KMP during the financial years ended 31 December 2020 and 2019.

Notes to the financial statements

15. Capital resources

The Company's capital consists of equity comprising issued share capital, share premium and retained earnings. The Company is a member of the AIB Group of companies which has regulatory disciplines over the use of capital. The Company is governed by AIB's policy to maintain a strong capital base. It is not separately regulated.

16. Ultimate controlling party

The immediate parent company is Allied Irish Banks p.l.c. ('AIB'), a company registered in the Republic of Ireland. This is the smallest group in which the financial statements of the Company are consolidated.

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

The ultimate parent company is the largest group, of which AIB Asset Management Holdings Limited is a member, for which consolidated accounts are prepared. The financial statements of AIB and AIB Group plc are available from its registered address at AIB Group plc, 10 Molesworth Street, Dublin 2. Alternatively, information can be viewed by accessing AIB's website at www.aib.ie/investorrelations.

17. Non-adjusting events after reporting period

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