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LLOYDS TSB MARITIME LEASING (NO 12) LIMITED
Consolidated Financial Accounts
30 September 2007



Member of Lloyds TSB Group

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

25 Gresham Street London EC2V 7HN

DIRECTORS

T J Cooke
A J Cumming (Alternate A M Basing)
J M Herbert
R A Isaacs

SECRETARY

S Slattery

AUDITORS

PricewaterhouseCoopers LLP

REGISTERED OFFICE

25 Gresham Street
London EC2V 7HN

REGISTERED NUMBER

5017273

REPORT OF THE DIRECTORS

REVIEW OF BUSINESS

During the year the principal activity of the company was the holding of investments in limited partnerships, this is expected to continue for the foreseeable future. The principal activity of the group is the leasing of ships on operating leases to third parties.

On 29 June 2007 the company's immediate parent company, Lloyds TSB Leasing Limited ("LLL") entered into a contractual arrangement with a third party which limits the company's business activities to its current investment interest in its partnerships. No other transactions can be undertaken by the company unless agreed in writing with the third party. This undertaking will apply whilst the contractual agreement remains in full force and effect.

Due to the existence of the contractual arrangement control of the company as defined by IAS 27 "Consolidated and Separate Financial Statements" and Standing Interpretation Committee interpretation SIC -12 "Consolidation Special Purpose Entities" was no longer deemed to reside with LLL and the results of the company and its subsidiaries are no longer consolidated as part of the Lloyds TSB group, accordingly the directors present the consolidated financial accounts of Lloyds TSB Maritime Leasing (No 12) Limited (Parent company) and its subsidiaries for the year ending 30 September 2007 and consolidated prior period comparatives for the year ending 30 September 2006 as required under Section 5 of the Companies Act 1985.

The results of the group and the company show a pre-tax loss of £1,469,000 (2006: £1,620,000) for the year as set out in the income statement on page 5 and the group has shareholders' equity of £(2,722,000) (2006: £(2,309,000)).

DIVIDENDS

On 19 July 2006 a dividend of £100,000 was authorised to be paid to the shareholder of the company (2006: £nil) based on the results of the company for the year ended 30 September 2005. Due to the changes in the reserves following implementation of International Financial Reporting Standards and subsequent the guidance issued by the Institute of Chartered Accountants in England and Wales ("ICAEW") in January 2008 this dividend is deemed in contravention of the Companies Act 1985. Further information is given in note 20 to the financial statements.

DIRECTORS

The names of the directors of the group are shown on page 1. The following changes in directors have taken place during the year and since the year end:

	Appointed	Resigned/Ceased to be a director
T J Cooke	18 June 2007	
J M Herbert	18 June 2007	
P Higgins		16 May 2008
R A Isaacs	23 May 2008	
M W Joseph		15 November 2006
R F Pelly		26 February 2007
A B Vowles		21 May 2008

RESPONSIBILITIES OF DIRECTORS

The directors are responsible for preparing 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. The financial statements are required by law to give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that 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 that the financial statements comply with IFRSs as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the directors' report is approved

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the group, the principal risks and uncertainties are integrated with the principal risks of the Lloyds TSB Group and are not managed separately. For further details please refer to note '1 (f) – Financial risk management' in these financial statements

KEY PERFORMANCE INDICATORS ('KPIs')

Given the straightforward nature of the business, the group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The group follows "The Better Payment Practice Code" published by the Department of Business, Enterprise & Regulatory Reform ("BERR"), regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the BERR Publications Orderline 0845-0150010 (quoting ref URN 04/606)

The group's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the group to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract

As the group owed no amounts to trade creditors at 30 September 2007, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil

On behalf of the board



R A Isaacs
Director

28 July 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Lloyds TSB Maritime Leasing (No 12) Limited for the year ended 30 September 2007 which comprise the Group and Company Income Statements, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statement of Changes in Equity and related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the groups members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning certain dividend payments made by the company during the year and prior years which were in breach of the Companies Act 1985 as the company is deemed not to have sufficient distributable reserves at the time of payment. Details of the circumstances relating to these illegal distributions are described in note 20. Our opinion is not qualified in this respect.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 September 2007 and of its loss and cash flows for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 September 2007 and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

29 July 2008

Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

CONSOLIDATED AND COMPANY INCOME STATEMENT

For the year ended 30 September 2007

	Note	Group		Company	
		2007 £000	2006 £000	2007 £000	2006 £000
Operating lease income	2	3,861	3,364	-	-
Income from partnerships	3	-	-	1,849	1,353
Depreciation of operating leases	8	(1,886)	(1,884)	-	-
Finance costs	4	(3,024)	(2,697)	(3,024)	(2,697)
		<hr/>	<hr/>	<hr/>	<hr/>
		(1,049)	(1,217)	(1,175)	(1,344)
Other income		-	4	-	4
Administrative expenses		(420)	(407)	(294)	(280)
		<hr/>	<hr/>	<hr/>	<hr/>
Loss before tax	5	(1,469)	(1,620)	(1,469)	(1,620)
Taxation credit	6	1,156	486	1,156	486
		<hr/>	<hr/>	<hr/>	<hr/>
Loss for the year		(313)	(1,134)	(313)	(1,134)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit attributable to minority interests		-	-	-	-
Profit attributable to equity shareholders		(313)	(1,134)	-	-
		<hr/>	<hr/>		

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED BALANCE SHEET
As at 30 September 2007

	Note	2007		2006	
		£000	£000	£000	£000
Assets					
Non-current assets					
Property plant and equipment	8		59,830		61,716
Current assets					
Cash and cash equivalents	9	54		81	
Trade and other receivables	10	1,854	1,908	2,083	2,164
Total assets			61,738		63,880
Liabilities					
Current liabilities					
Borrowings	11	54,322		57,386	
Trade and other payables		25	54,347	24	57,410
Non-current liabilities					
Deferred taxation	12		10,011		8,777
Total liabilities			64,358		66,187
Equity					
Share capital	13	-		-	
Retained earnings	14	(2,722)		(2,309)	
Minority interests	15	2	(2,720)	2	(2,307)
Total liabilities and equity			61,638		63,880

The directors approved the accounts on 28 July 2008



R A Isaacs
Director

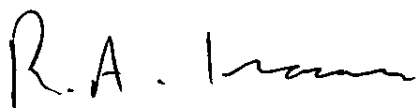
The accompanying notes are an integral part of the Financial Statements

COMPANY BALANCE SHEET

As at 30 September 2007

	Note	£000	2007 £000	£000	2006 £000
Assets					
Non-current assets					
Investments in subsidiaries	16		59,828		61,714
Current assets					
Cash and cash equivalents	9	54		81	
Trade and other receivables	10	1,754	1,808	2,083	2,164
Total assets			61,636		63,878
Liabilities					
Current liabilities					
Borrowing and current tax liabilities	11	54,322		57,386	
Trade and other payables		25	54,347	24	57,410
Non-current liabilities					
Deferred taxation	12		10,011		8,777
Total liabilities			64,358		66,187
Equity					
Share capital	13	-		-	
Retained earnings	14	(2,722)	(2,722)	(2,309)	(2,309)
Total liabilities and equity			61,636		63,878

The directors approved the accounts on 28 July 2008



R A Isaacs
Director

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AND MINORITY INTERESTS

	Note	Share capital and premium £000	Minority interests £000	Retained profits £000	Total £000
Balance at 1 October 2005	13,14,15	-	2	(1,175)	(1,173)
Loss for the year		-	-	(1,134)	(1,134)
Balance at 30 September 2006 and 1 October 2006	13,14,15	-	2	(2,309)	(2,307)
Profit for the year		-	-	(313)	(313)
Dividend paid	7	-	-	(100)	(100)
Balance at 30 September 2007	13,14,15	-	2	(2,722)	(2,720)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital and premium £000	Retained profits £000	Total £000
Balance at 1 October 2005	13,14	-	(1,175)	(1,175)
Loss for the year		-	(1,134)	(1,134)
Balance at 30 September 2006 and 1 October 2006	13,14	-	(2,309)	(2,309)
Profit for the year		-	(313)	(313)
Dividend paid	7	-	(100)	(100)
Balance at 30 September 2007	13,14	-	(2,722)	(2,722)

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED AND COMPANY CASHFLOW STATEMENT

For the year ended 30 September 2007

	Note	Group		Company	
		2007 £000	2006 £000	2007 £000	2006 £000
Net cash flow from operating activities	17	73	(228)	73	(228)
Financing activities					
Dividends paid	7	(100)	-	(100)	-
Net cash flow from financing activities		(100)	-	(100)	-
Net decrease in cash and cash equivalents		(27)	(228)	(27)	(228)
Cash and cash equivalents at the beginning of the year		81	309	81	309
Cash and cash equivalents at the end of the year	9	54	81	54	81

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below

The financial information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets at fair value through profit or loss and all derivative contracts, on the basis of IFRS. There are no critical areas which require disclosure where management have exercised judgement in applying the group's accounting policies or in determining accounting estimates.

The accounting policies of the parent company are the same as those of the Group which are set out below, except that it has no policy in respect of consolidation and income from investments in limited partnerships is recognised when received and any distributions in excess of partnership profits are treated as a reduction of partnership investment.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Lloyds TSB Maritime Leasing (No 12) Limited and its subsidiaries as at 30 September each year. The subsidiaries are those entities controlled by Lloyds TSB Maritime Leasing (No 12) Limited where control is defined as the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company using consistent accounting policies, but in accordance with UK GAAP. Adjustments have been made to bring into line any dissimilar accounting policies that may exist between IFRS and UK GAAP. All intercompany balances and transactions, including unrealised profits arising from intergroup transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date on which control is transferred out of the group. Where there is loss of control of the subsidiary, the consolidated financial statements include the results for the part of the reporting year in which the Group has control.

(a) Leases

Assets leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of ownership to the lessee, all other leases are classified as operating leases.

When assets are leased under an operating lease the leased asset is included within fixed assets at cost and depreciated over the life of the lease on a straight line basis after taking into account anticipated residual values. Operating lease rental income is recognised on a straight line basis over the life of the lease.

Initial direct costs attributed to negotiating and arranging the operating leases are included in the cost of the asset and amortised to the income statement over the life of the lease.

(b) Impairment

At each balance sheet date the group assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired.

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the balance sheet carrying value of the asset and the present value of the estimated future cash flows discounted at the asset's implicit rate in the underlying lease.

(c) Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Income tax payable on profits is recognised as an expense in the period in which those profits arise. The tax effects of 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.

CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)**(d) Dividends**

Dividends on ordinary shares are deducted from equity in the period in which they are paid

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

(f) Financial risk management

The company is controlled by way of an exchange agreement with a third party however the majority shareholder continues to manage the day to day business of the company per the terms of the exchange agreement. Accordingly risk management, credit risk and interest rate risk, is performed by various Committees established by its majority shareholder, Lloyds TSB Group plc for the management of these risks

(g) Reclassification of comparative amounts

Certain comparative amounts for the prior periods have been reclassified to conform to current period presentations. Such reclassifications had no effect on net income or shareholders' equity

2 Operating lease income

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Rentals from operating leases	3,861	3,364	-	-

There were no lease rentals receivable during the year which were contingent on events other than the term of the lease, movements in LIBOR rates and UK Corporation tax rates (2006 nil). All operating lease income is derived within the United Kingdom

3 Income from partnerships

Income from partnerships represents the partnership profit attributable to the company based on its share of the partnership profit as defined in the partnership agreement

4 Finance costs

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Interest due on bank loans	3,024	2,697	3,024	2,697

5 Loss before tax

Audit fees for the group and the company are borne by the majority shareholder, the audit fee attributed to this group and the company for the year was £12,000 (2006 £3,600). The group has no employees and the directors received no remuneration in respect of their services to the group

CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS

6 Taxation

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
(a) The tax credit for the year comprises				
Section 402 tax relief receivable on current taxation loss for the year	2,307	3,151	2,307	3,151
Adjustment in respect of prior years	83	-	83	-
	<u>2,390</u>	<u>3,151</u>	<u>2,390</u>	<u>3,151</u>
Total Section 402 tax relief receivable for the year	2,390	3,151	2,390	3,151
Deferred taxation (Note 12)	(1,151)	(2,665)	(1,151)	(2,665)
Adjustment in respect of prior years	(83)	-	(83)	-
	<u>1,156</u>	<u>486</u>	<u>1,156</u>	<u>486</u>

The tax credit for the year differs from the standard rate of corporation tax of 30% (2006 30%) The differences are explained below

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
(b) Factors affecting the tax charge for the year				
Loss on ordinary activities before taxation	(1,469)	(1,620)	(1,469)	(1,620)
	<u>441</u>	<u>486</u>	<u>441</u>	<u>486</u>
Tax credit on ordinary activities at the standard rate of corporation tax	441	486	441	486
Impact of tax rate change	715	-	715	-
	<u>1,156</u>	<u>486</u>	<u>1,156</u>	<u>486</u>

Following substantive enactment of the Finance Bill on 28 June 2007, the Corporation Tax rate has changed from 30% to 28% with effect from 1 April 2008. The impact of this change on the financial accounts for the year ending 30 September 2007 is to recognise a one off adjustment of £715,000 to the deferred tax liability reflecting the adjustment required to revalue the deferred tax liability at the lower rate of tax over the remaining life of the lease.

7 Dividends

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Dividend paid	100	-	100	-

On 21 November 2006 a dividend of £100,000 was paid to the shareholder of the company (2006 £nil)

CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS

8 Property plant and equipment

	2007 £000	2006 £000
Operating lease assets Ships		
Cost		
As at start of year	65,860	65,860
At end of year	65,860	65,860
Accumulated depreciation		
As at start of year	(4,144)	(2,260)
Charge for the year	(1,886)	(1,884)
At end of year	(6,030)	(4,144)
Net book value	59,830	61,716
Future minimum lease payments receivable under operating leases		
Within one year	3,524	3,546
2-5 years inclusive	54,010	57,881
After 5 years	-	-
	57,534	61,427

Included in the cost of fixed assets above are initial direct expenses of £2,697,000 as at 30 September 2007 (2006 £2,782,000) which are fully recoverable from lease payments under the terms of the lease

9 Cash and cash equivalents

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Amounts falling due within one year				
Bank deposits	54	81	54	81
	54	81	54	81

For further details please refer to note 18

10 Trade and other receivables

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Amounts falling due within one year				
Trade receivables	228	-	128	-
Corporate tax receivable	1,626	2,083	1,626	2,083
	1,854	2,083	1,754	2,083

For further details please refer to note 18

CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS

11 Borrowings

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Amounts falling due within one year				
Bank borrowings	53,616	56,809	53,616	56,809
Interest payable	706	577	706	577
	<u>54,322</u>	<u>57,386</u>	<u>54,322</u>	<u>57,386</u>

For further details please refer to note 18

12 Deferred tax

The movement in the net deferred tax balance is as follows

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
As at start of year	8,777	6,112	8,777	6,112
Income statement charge	1,151	2,665	1,151	2,665
Adjustment in respect of prior years	83	-	83	-
	<u>10,011</u>	<u>8,777</u>	<u>10,011</u>	<u>8,777</u>

The deferred tax charge in the income statement comprises the following temporary differences

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Accelerated tax depreciation	1,866	2,665	1,866	2,665
Impact of tax rate change	(715)	-	(715)	-
Adjustment in respect of prior years	83	-	83	-
	<u>1,234</u>	<u>2,665</u>	<u>1,234</u>	<u>2,665</u>

The deferred tax liability comprises the following temporary differences

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Accelerated tax depreciation	10,011	8,777	10,011	8,777

13 Share capital

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Authorised, allotted and issued fully paid				
Ordinary shares of £1 each	100	100	100	100

The authorised share capital is fully issued and paid up. The share capital is wholly owned by Lloyds TSB Leasing Limited which is a wholly owned subsidiary of the Lloyds TSB Group plc.

CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS

14 Retained earnings

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
As at start of year	(2,309)	(1,175)	(2,309)	(1,175)
Net profit for the year	(313)	(1,134)	(313)	(1,134)
Dividends	(100)	-	(100)	-
As at end of year	(2,722)	(2,309)	(2,722)	(2,309)

15 Minority Interests

Minority interests represents the proportion of the net assets of the group that are not owned by directly or indirectly by Lloyds TSB Maritime Leasing (No 12) Limited. The balance of minority interests in the group and included within equity as at 30 September 2007 was £2,393 (2006 £2,469)

16 Investments in subsidiaries

This represents the company's investment, at cost, of a 99.996% interest as a limited partner in The Fatmarini Maritime, Frabandari Maritime, Hartati Maritime, Harsandadi Maritime, Nolawati Maritime, Nogogini Maritime and Ratih Maritime Limited Partnerships, UK Limited partnerships, each of which carries on business as an owner and charterer of a ship

	2007 £000	2006 £000
As at start of year	61,714	63,598
Repayment of partnership capital	(1,886)	(1,884)
As at end of year	59,828	61,714

17 Notes to the cash flow statement

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Loss from operations	(1,469)	(1,620)	(1,469)	(1,620)
Operating cash flows before movements in working capital and non-cash items	(1,469)	(1,620)	(1,469)	(1,620)
Depreciation of property, plant and equipment	1,886	1,884	-	-
(Increase)/decrease in receivables	(128)	5	1,758	1,889
Decrease in payables	(3,063)	(4,039)	(3,063)	(4,039)
Cash generated by operations	(2,774)	(3,770)	(2,774)	(3,770)
Section 402 tax relief received	2,847	3,542	2,847	3,542
Net cash flow from operating activities	73	(228)	73	(228)

CONSOLIDATED AND COMPANY NOTES TO THE FINANCIAL STATEMENTS

18 Related party transactions

Since 29 June 2007 control of the group is governed by way of a contractual arrangement with a third party and the majority shareholder LLL, LLL and fellow subsidiaries of Lloyds TSB Group Plc, for which LLL is a member, are deemed to continue to have significant influence over the activities of the group as defined by IAS 24 Related Party Transactions. Transactions with subsidiaries of the Lloyds TSB Group Plc continue to be disclosed as related party disclosures.

In respect of related party transactions, the outstanding balances receivable/(payable) as at 30 September were as follows:

Nature of transaction	Related party	Group		Company	
		2007 £000	2006 £000	2007 £000	2006 £000
Bank deposits	Subsidiaries of the Lloyds TSB Group	54	81	54	81
Corporate tax receivable	Subsidiaries of the Lloyds TSB Group	1,626	2,083	1,626	2,083
Bank borrowings	Subsidiaries of the Lloyds TSB Group	(53,616)	(56,809)	(53,616)	(56,809)
Interest payable	Subsidiaries of the Lloyds TSB Group	(706)	(577)	(706)	(577)

The bank borrowings are interest bearing and during the year rates of interest of up to 6.28% (2006: 4.7%) were charged on bank borrowings. Bank borrowings are borrowed short term and continually refinanced under a master funding arrangement with Lloyds TSB Bank for which the bank undertakes to refinance the borrowings based on the expected term of the leased assets. Finance costs of £3,024,000 (2006: £2,697,000) were incurred during the year.

The group paid a management fee of £294,000 (2006: £280,000 paid in this period) to its majority shareholder LLL during the year.

The group received Section 402 tax relief of £2,847,000 (2006: £3,542,000) during the year from its ultimate majority shareholder Lloyds TSB Bank plc. There were no transactions between the company and the directors during the financial year (2006: nil).

19 Future developments

The following accounting standard changes will impact the company in the next financial period:

Pronouncement	Nature of change	Effective date
IFRS 7 Financial Instruments Disclosures	Consolidates the current financial instruments disclosures into a single standard and requires more detailed qualitative and quantitative disclosures about exposure to risks arising from financial instruments.	Annual periods beginning on or after 1 January 2007
Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures	Introduces additional disclosures of the objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and compliance with capital requirements.	Annual periods beginning on or after 1 January 2007

20 Post balance sheet events

On the 19 July 2006 the directors' authorised a £100,000 dividend, paid on the 21 November 2006, to the shareholder based on the results of the company for the year ended 30 September 2005 prepared under UK Generally Accepted Accounting Procedures.

Following the resulting adjustments to the reserves of the company on implementation of International Financial reporting Standards ("IFRS") on the 1 October 2005 and subsequent the guidance issued by the Institute of Chartered Accountants in England and Wales ("ICAEW") in January 2008 through its technical paper entitled "Guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 1985, the company is deemed not to have sufficient reserves to distribute a dividend. The board of the company's parent have resolved to repay this dividend.