

LLOYDS TSB MARITIME LEASING (NO.12) LIMITED
Consolidated Financial Accounts
30 September 2008

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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 group was the leasing of plant and equipment through operating lease transactions. The directors consider the results for the year to be satisfactory

The results of the group show a loss before tax of £1,272,000 (2007: £1,469,000) for the year as set out in the income statement on page 5. The group has a net deficit on shareholder's equity of £3,488,000 (2007: £2,720,000).

DIVIDEND

The directors did not authorise or pay any dividend during the year (2007: £nil)

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

Following the resulting adjustments to the reserves of the company on implementation of International Financial Reporting Standards ("IFRS") on 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 was deemed not to have sufficient reserves to distribute a dividend. Accordingly the company's parent repaid this dividend on 18 July 2008.

DIRECTORS

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

	Appointed	Resigned/ceased to be a director
P Higgins		16 May 2008
R A Isaacs	23 May 2008	
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.

AUDITORS AND 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 group and are not managed separately. For further details please refer to note '16 - Risk management of financial instruments' in these financial statements.

REPORT OF THE DIRECTORS

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.

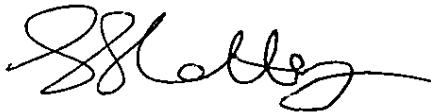
POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company 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 company 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 2008, 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



S Slattery
Secretary

24 June 2009

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 2008 which comprise the Group and Company Income Statements, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Shareholder's Equity, the Group and Company Cash Flow Statement and the 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 company's 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 company'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.

Opinion

In our opinion:

- the consolidated 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 2008 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 IFRSs as adopted by the European Union, of the state of the parent company's affairs as at 30 September 2008 and of its loss and cash flows for the year then ended;
- the consolidated 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

The Quay
30 Channel Way
Ocean Village
Southampton
SO14 3QG

15 July 2009

CONSOLIDATED AND COMPANY INCOME STATEMENT
For the year ended 30 September 2008

		Group		Company	
	Note	2008 £000	2007 £000	2008 £000	2007 £000
Income from partnerships	2	-	-	2,051	1,849
Operating lease income	3	4,067	3,861	-	-
Depreciation of property, plant and equipment	8	(1,890)	(1,886)	-	-
Finance costs	4	(3,099)	(3,024)	(3,099)	(3,024)
		(922)	(1,049)	(1,048)	(1,175)
Other operating income		14	-	14	-
Administration expenses		(363)	(420)	(237)	(294)
Loss before tax	5	(1,271)	(1,469)	(1,271)	(1,469)
Taxation credit	6	404	1,156	404	1,156
Loss for the year		(867)	(313)	(867)	(313)

The accompanying notes are an integral part of the Financial Statements.

CONSOLIDATED BALANCE SHEET
As at 30 September 2008

	Note	2008 £000	£000	2007 £000	£000
Assets					
Non-current assets					
Property, plant and equipment	8		57,940		59,830
Current assets					
Cash and cash equivalents		-		54	
Trade and other receivables	9	2,046	2,046	1,754	1,808
Total assets			59,986		61,638
Liabilities					
Current liabilities					
Borrowings	10	52,429		54,324	
Other creditors		-	52,429	25	54,349
Non-current liabilities					
Deferred taxation	11		11,046		10,011
Total liabilities			63,475		64,360
Equity					
Share capital	12	-		-	
Retained earnings	13	(3,489)	(3,489)	(2,722)	(2,722)
Total liabilities and equity			59,986		61,638

The directors approved the accounts on 24 June 2009.


J M Herbert
Director

The accompanying notes are an integral part of the Financial Statements.

LLOYDS TSB MARITIME LEASING (NO.12) LIMITED

COMPANY BALANCE SHEET
As at 30 September 2008

	Note	2008 £000	£000	2007 £000	£000
Assets					
Non-current assets					
Investment in limited partnerships	15		57,938		59,828
Current assets					
Cash and cash equivalents		-		54	
Trade and other receivables	9	2,046	2,046	1,754	1,808
Total assets			<u>59,984</u>		<u>61,636</u>
Liabilities					
Current liabilities					
Borrowings	10	52,427		54,322	
Other creditors		-	52,427	25	54,347
Non-current liabilities					
Deferred taxation	11		11,046		10,011
Total liabilities			<u>63,473</u>		<u>64,358</u>
Equity					
Share capital	12	-		-	
Retained earnings	13	(3,489)	(3,489)	(2,722)	(2,722)
Total liabilities and equity			<u>59,984</u>		<u>61,636</u>

The directors approved the accounts on 24 June 2009.


J M Herbert
Director

The accompanying notes are an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital and premium £000	Retained earnings £000	Total £000
Balance at 30 September 2006	12,13,14	-	(2,309)	(2,309)
Loss for the year	13	-	(313)	(313)
Dividend paid	7	-	(100)	(100)
Balance at 30 September 2007	12,13,14	-	(2,722)	(2,722)
Loss for the year	13	-	(867)	(867)
Dividend repaid	13	-	100	100
Balance at 30 September 2008	12,13,14	-	(3,489)	(3,489)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital and premium £000	Retained earnings £000	Total £000
Balance at 30 September 2006	12,13	-	(2,309)	(2,309)
Loss for the year	13	-	(313)	(313)
Dividend paid	7	-	(100)	(100)
Balance at 30 September 2007	12,13	-	(2,722)	(2,722)
Loss for the year	13	-	(867)	(867)
Dividend repaid	13	-	100	100
Balance at 30 September 2008	12,13	-	(3,489)	(3,489)

The accompanying notes are an integral part of the Financial Statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
For the year ended 30 September 2008

		Group 2008 £000	2007 £000	Company 2008 £000	2007 £000
	Note				
Net cash flow from operating activities	17	(680)	73	(2,570)	(1,813)
Investing activities					
Capital distribution from partnerships		-	-	1,890	1,886
Net cash flow from investing activities		-	-	1,890	1,886
Financing activities					
Dividend	13, 7	100	(100)	100	(100)
Net cash flow from financing activities		100	(100)	100	(100)
Net movement in cash and cash equivalents		(580)	(27)	(580)	(27)
Cash and cash equivalents at beginning of the year		54	81	54	81
Cash and cash equivalents at end of the year	10	(526)	54	(526)	54
Cash and cash equivalents are comprised of:					
Cash at bank		-	54	-	54
Bank overdraft	10	(526)	-	(526)	-
		(526)	54	(526)	54

The accompanying notes are an integral part of the Financial Statements.

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.

In preparing these financial statements the company has adopted IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements - Capital Disclosures. The adoption of IFRS 7 and IAS 1 impacted the type and amount of disclosures made in these financial statements, but had no impact on the reported profits or financial position of the company. In accordance with the transitional requirements of the standards, the company has provided full comparative information.

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.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the company's results and financial position, based upon materiality and significant judgements and estimates, are discussed below.

- Impairment

The company regularly reviews the portfolio of financial assets for impairment. In determining whether an impairment has occurred at the balance sheet date the company considers whether there is any observable data indicating that there has been a measurable decrease in the estimated future cash flows or their timings; such observable data includes whether there has been an adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on repayments or values of underlying assets. Where this is the case, the impairment loss measured in accordance with note 1(c) below.

(a) Investments in limited partnerships

Income from investments in limited partnerships is recognised when received. Distributions in excess of partnership profits are treated as a reduction of partnership investment.

(b) 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 property, plant and equipment at cost, including any initial direct costs, 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.

(c) Impairment

At each balance sheet date the company 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.

NOTES TO THE FINANCIAL STATEMENTS

(d) Taxation

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

Deferred taxation 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 taxation 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 taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation 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.

(e) Dividend

Dividend are recognised in equity only when the company has the obligation to pay the ordinary shareholder.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and bank overdraft 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.

(g) Prior year adjustments and restatement of comparatives

The prior year comparatives for the cash flow statement and minority interest have been adjusted to conform to the current year presentation. The adjustment had no impact on the results of the company.

2 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.

3 Operating lease income

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Operating lease rental income	4,067	3,861	-	-

There were no lease rentals receivable during the year which were contingent on events other than the term of the lease, Libor rates and UK corporation tax rates.

4 Finance costs

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Interest due on bank loans	3,099	3,024	3,099	3,024

5 Loss before tax

Audit fees for the group are borne by the immediate majority shareholder; the audit fee attributed to this company for the year was £8,500 (2007: £2,800). The group has no employees and the directors received no remuneration in respect of their services to the company.

NOTES TO THE FINANCIAL STATEMENTS

6 Taxation credit

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
The credit for the year comprises:				
Group relief receivable on current taxation loss for the year	1,396	2,307	1,396	2,307
Adjustment in respect of prior year	43	83	43	83
	<hr/>	<hr/>	<hr/>	<hr/>
Total group relief receivable for year	1,439	2,390	1,439	2,390
Deferred taxation (Note 11)	(992)	(1,151)	(992)	(1,151)
Adjustment in respect of prior year	(43)	(83)	(43)	(83)
	<hr/>	<hr/>	<hr/>	<hr/>
Total taxation credit for the year	404	1,156	404	1,156
	<hr/>	<hr/>	<hr/>	<hr/>

Taxation on the company's profit for the year did differ from the taxation credit that would arise using the standard rate of corporation tax at 29% (2007: 30%). The differences are explained below:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Loss before taxation	(1,271)	(1,469)	(1,271)	(1,469)
	<hr/>	<hr/>	<hr/>	<hr/>
Taxation credit at the standard rate of corporation tax	369	441	369	441
Impact of tax rate change	35	715	35	715
	<hr/>	<hr/>	<hr/>	<hr/>
Total taxation credit for the year	404	1,156	404	1,156
	<hr/>	<hr/>	<hr/>	<hr/>

As a result of the Finance Act 2008, 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 to the deferred taxation liability reflecting the adjustment required to remeasure the deferred taxation liability at a lower rate of tax for the remaining life of the underlying assets

7 Dividend

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Dividend paid during the year	-	100	-	100
	<hr/>	<hr/>	<hr/>	<hr/>

Dividend per share for the company was £nil per share (2007: £1,000). For further details on the repayment of previously distributed dividend please refer to note 13.

NOTES TO THE FINANCIAL STATEMENTS

8 Property, plant and equipment

	Group 2008 £000	2007 £000
Operating lease assets: Ships		
Original cost:		
At beginning of the year	65,860	65,860
At end of the year	65,860	65,860
Depreciation:		
At beginning of the year	(6,030)	(4,144)
Charge for the year	(1,890)	(1,886)
At end of the year	(7,920)	(6,030)
Net book value at end of the year	57,940	59,830
Future minimum lease payments under operating leases:		
Within 1 year	886	3,546
2 - 5 years inclusive	-	886
After 5 years	-	-
At end of the year	886	4,432

9 Trade and other receivables

	Group 2008 £000	2007 £000	Company 2008 £000	2007 £000
Group relief receivable	1,912	1,626	1,912	1,626
Trade receivables	134	128	134	128
	2,046	1,754	2,046	1,754

For further details please refer to note 18.

NOTES TO THE FINANCIAL STATEMENTS

10 Borrowings

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank overdraft	526	-	526	-
Amounts due to majority shareholder	234	-	234	-
Bank borrowings	51,024	53,616	51,024	53,616
Interest payable	643	706	643	706
Amounts payable to minority interests (note 14)	2	2	-	-
	<u>52,429</u>	<u>54,324</u>	<u>52,427</u>	<u>54,322</u>

For further details please refer to note 18.

11 Deferred taxation

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
At beginning of the year	10,011	8,777	10,011	8,777
Deferred taxation charge for the year	992	1,151	992	1,151
Adjustment in respect of prior year	43	83	43	83
	<u>11,046</u>	<u>10,011</u>	<u>11,046</u>	<u>10,011</u>

The deferred taxation charge in the income statement comprises the following differences:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Accelerated tax depreciation	992	1,866	992	1,866
Adjustment in respect of prior year	43	83	43	83
Impact of tax rate change	-	(715)	-	(715)
	<u>1,035</u>	<u>1,234</u>	<u>1,035</u>	<u>1,234</u>

Deferred taxation liabilities are comprised as follows:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Deferred taxation liabilities				
Accelerated taxation depreciation	11,046	10,011	11,046	10,011

NOTES TO THE FINANCIAL STATEMENTS

12 Share capital

	Group 2008 £	2007 £	Company 2008 £	2007 £
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 Banking Group plc (formerly Lloyds TSB Group plc).

The directors objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholder and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets subject to the constraints of the control agreement, see Note 18.

In order to maintain or adjust the capital structure, the directors may adjust the amount of dividend to be paid to the shareholder, return capital to the shareholder, issue new shares, or enter into debt financing.

The group's capital comprises all components of equity, movements in which appear in the statement of changes in equity and bank borrowings as disclosed in note 10.

13 Retained earnings

	Group 2008 £000	2007 £000	Company 2008 £000	2007 £000
At beginning of the year	(2,722)	(2,309)	(2,722)	(2,309)
Loss for the year	(867)	(313)	(867)	(313)
Dividend	-	(100)	-	(100)
Repayment of previously distributed dividend	100	-	100	-
At end of the year	(3,489)	(2,722)	(3,489)	(2,722)

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

Following the resulting adjustments to the reserves of the company on implementation of International Financial Reporting Standards ("IFRS") on 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 was deemed not to have sufficient reserves to distribute a dividend. Accordingly the company's parent repaid this dividend on 18 July 2008.

14 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 as at 30 September 2008 was £2,318 (2007: £2,393).

NOTES TO THE FINANCIAL STATEMENTS

15 Investment in limited partnerships

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

	Company	
	2008	2007
	£000	£000
At beginning of the year	59,828	61,714
Repayment of partnership capital	(1,890)	(1,886)
	<hr/>	<hr/>
At end of the year	57,938	59,828
	<hr/>	<hr/>

16 Risk management of financial instruments

The primary financial risks affecting the group are: credit risk and liquidity risk and market risk (which include interest rate risk). Information on the management of these financial risks and further disclosures is given below.

In accordance with IAS 39 "Financial instruments: Recognition and measurement" borrowings and finance lease receivables are designated as loans and receivables, all other financial assets and liabilities are designated as held at amortised cost. The accounting policies note 1 describes how different classes of financial instruments are measured, and how income and expenses are recognised.

Credit risk management:

The maximum credit risk exposure of the group in the event of other parties failing to perform their obligations is detailed below. The maximum exposure to loss is considered to the balance sheet carrying amount as at 30 September 2008.

	Group and company	
	2008	2007
	£000	£000
Financial assets which are neither passed due nor impaired:		
Cash at bank	-	54
Trade receivables	134	128
Group relief receivable	1,912	1,626
	<hr/>	<hr/>
Total credit risk exposure	2,046	1,808
	<hr/>	<hr/>

Credit risk management is performed by various committees established by its majority shareholder. Each financial asset is assessed for credit risk prior to approval and assigned a credit rating based on the credit risk rating methodology and management policy of the Lloyds Banking Group.

NOTES TO THE FINANCIAL STATEMENTS

16 Risk management of financial instruments (continued)

Financial assets by credit rating - group and company:

	AAA	AA	A	BBB	Rated BB or lower	Not rated	Total
	£000	£000	£000	£000	£000	£000	£000
At 30 September 2008							
Cash at bank	-	-	-	-	-	-	-
Trade receivables	-	-	134	-	-	-	134
Group relief receivable	1,912	-	-	-	-	-	1,912
Total	1,912	-	134	-	-	-	2,046
At 30 September 2007							
Cash at bank	54	-	-	-	-	-	54
Trade receivables	-	-	128	-	-	-	128
Group relief receivable	1,626	-	-	-	-	-	1,626
Total	1,680	-	128	-	-	-	1,808

At 30 September 2008 and 2007 there were no impairments relating to credit risk against the financial assets. The group's credit risk exposure under short-term debtors, deposits and other financial assets are represented by the book values in the above table

Liquidity risk management

	Group			Total liabilities
	Bank overdraft	Bank borrowings	Other creditors	£000
	£000	£000	£000	£000
At 30 September 2008				
On demand	526	-	236	762
Up to 1 Month	-	51,667	-	51,667
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 years	-	-	-	-
Total	526	51,667	236	52,429
At 30 September 2007				
On demand	-	-	27	27
Up to 1 Month	-	54,322	-	54,322
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 years	-	-	-	-
Total	-	54,322	27	54,349

NOTES TO THE FINANCIAL STATEMENTS

16 Risk management of financial instruments (continued)

	Bank overdraft £000	Company Bank borrowings £000	Other creditors £000	Total liabilities £000
At 30 September 2008				
On demand	526	-	234	760
Up to 1 Month	-	51,667	-	51,667
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 years	-	-	-	-
Total	526	51,667	234	52,427
At 30 September 2007				
On demand	-	-	-	-
Up to 1 Month	-	54,322	-	54,322
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 years	-	-	-	-
Total	-	54,322	-	54,322

Bank borrowings and the associated interest payable upon them are borrowed short term. Other creditors are repayable on demand.

Interest rate risk management

Interest rate risk is the risk that the future cash flows and fair values of a financial instrument may fluctuate because of changes in market interest rates.

The company takes into account the exposure on fluctuations in the prevailing levels of market interest rates on its cash flows when structuring its operations by ensuring the interest terms of the lease rentals payable by the counterparty on the finance lease receivables are matched to the terms of its borrowings.

Where interest rate risk is not covered by the structure of the assets and liabilities the company, where required, will enter into interest rate swap transactions to hedge against any cash flow interest rate risk.

Interest rate sensitivity analysis – Impact on income statement

	Carrying amount £000	+25 bp £000	-25 bp £000
Financial liabilities			
Bank overdraft	526	1	(1)
Bank borrowings	51,024	128	(128)
Impact of taxation (29%)	-	(38)	38
Total volatility of financial instruments		(91)	91

The degree of interest rate sensitivity is based on the minimum movement in base rate levels as applied by the Bank of England's Monetary Policy Committee.

Currency risk

The group's transactions are all denominated in British Pounds as such the group has no exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

17 Notes to the cash flow statement

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Loss from operations	(1,271)	(1,469)	(1,271)	(1,469)
Add: Depreciation on plant and equipment	1,890	1,886	-	-
Operating cash flows before movements in working capital	619	417	(1,271)	(1,469)
Movement in receivables	(6)	(128)	(6)	(128)
Movement in payables	(2,446)	(3,063)	(2,446)	(3,063)
Cash generated by operations	(1,833)	(2,774)	(3,723)	(4,660)
Group relief received	1,153	2,847	1,153	2,847
Net cash flow from operating activities	(680)	73	(2,570)	(1,813)

18 Related party transactions

Since 27 June 2007, control of the group is governed by way of a contractual arrangement including the majority shareholder Lloyds TSB Leasing Limited ("LLL") and PT Berlian Laju Tanker TBK. LLL and fellow subsidiaries of Lloyds Banking 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 Banking Group plc continue to be disclosed as related party disclosures.

Pursuant to the terms of the exchange agreement entered into between LLL, as holding company for the entity and a third party, the business activities for the entity are restricted to those connected with the existing partnership investment and no other business can be conducted without consent of the counterparty.

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	
		2008	2007	2008	2007
		£000	£000	£000	£000
Group relief receivable	Subsidiaries of the Lloyds Banking Group	1,912	1,626	1,912	1,626
Cash at bank	Subsidiaries of the Lloyds Banking Group	(526)	54	(526)	54
Amounts due to majority shareholder	Subsidiaries of the Lloyds Banking Group	(234)	-	(234)	-
Bank borrowings	Subsidiaries of the Lloyds Banking Group	(51,024)	(53,616)	(51,024)	(53,616)
Interest payable	Subsidiaries of the Lloyds Banking Group	(643)	(706)	(643)	(706)

Bank borrowings are interest bearing and during the year rates of up to 6.28% (2007: 6.28%) were charged. Finance costs of £3,100,000 (2007: £3,024,000) were incurred during the year.

The group accrued a management fee of £234,000 (2007: £294,000 paid) to its majority shareholder, Lloyds TSB Leasing Limited, during the year.

The group received group relief of £1,153,000 (2007: £2,847,000) during the year from its ultimate majority shareholder, Lloyds TSB Bank plc.

19 Future developments

Pronouncement	Nature of change	Effective date
Revised IAS 1	Introduces changes to the presentation of the balance sheet, income statement and cash flow statement	Annual periods beginning on or after 1 January 2009.

The full impact of this pronouncement is being assessed by the company; this pronouncement is not expected to cause any material impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

20 Post balance sheet event

On 12 November 2008, each partnership entered into an agreement to sell its respective leased assets for consideration totalling £54,250,000.