LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

Consolidated Financial Accounts

30 September 2009

5017273

25 Gresham Street London EC2V 7HN

DIRECTORS

T J Cooke
A J Cumming
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

Durıng the year, the prıncıpal actıvıty of the group was the leasıng of plant and equıpment through operatıng lease transactıons

The company has ınvestment ın seven lımıted partnershıps regıstered ın the UK, beıng the Fatmarını Marıtıme, Frabandarı Marıtıme, Hartatı Marıtıme, Harsandadı Marıtıme, Nolowatı Marıtıme, Nogogını Marıtıme and Ratıh Marıtıme Lımıted Partnershıps Durıng the year, the underlyıng partnershıps entered ınto an agreement to sell theır leased asset busıness and goodwıll for consıderatıon of £54,250,000 The partnershıps have £53,851,000 ın cash deposıts whıch wıll be dıstrıbuted to the company to reduce the ınvestments to £nıl Upon sale the partnershıps realısed a loss on termınatıon of £3,528,000 and the company ımpaıred ıts ınvestments ın the partnershıps by £2,337,000

The results of the group show a loss before tax of £3,823,000 (2008 £1,271,000) for the year as set out ın the ıncome statement on page 5 The group has a net defıcıt on shareholder's equıty of £3,228,000 (2008 £3,489,000)

DIVIDEND

The dırectors dıd not authorıse or pay any dıvıdend durıng the year (2008 £nıl)

DIRECTORS

The names of the dırectors of the company are shown on page 1 The followıng change ın dırectors has taken place sınce the year ended

	Resıgned/ceased to be a dırector
A M Basıng	7 September 2009

No dırector had any ınterest ın any materıal contract or arrangement wıth the company durıng or at the end of the year

RESPONSIBILITIES OF DIRECTORS

The dırectors are responsıble for preparıng the Dırectors' Report and the fınancıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare fınancıal statements for each fınancıal year Under that law the dırectors have elected to prepare the fınancıal statements ın accordance wıth Internatıonal Fınancıal Reportıng Standards (IFRSs) as adopted by the European Unıon Under company law the dırectors must not approve the fınancıal statements unless they are satısfıed that they gıve a true and faır vıew of the state of affaırs of the company and of the profıt or loss of the company for that perıod In preparıng these fınancıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make judgements and estımates that are reasonable and prudent,
- state whether applıcable IFRSs as adopted by the European Unıon have been followed, subject to any materıal departures dısclosed and explaıned ın the fınancıal statements, and
- prepare the fınancıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are suffıcıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the fınancıal posıtıon of the company and enable them to ensure that the fınancıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each dırector ın offıce at the date the dırectors' report ıs approved

- so far as the dırector ıs aware, there ıs no relevant audıt ınformatıon of whıch the company's audıtors are unaware, and
- the dırector has taken all the steps that he ought to have taken as a dırector ın order to make hımself aware of any relevant audıt ınformatıon and to establısh that the company's audıtors are aware of that ınformatıon

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspectıve of the group, the prıncıpal rısks and uncertaıntıes are ıntegrated wıth the prıncıpal rısks of the group and are not managed separately For further detaıls please refer to note '19 - Rısk management of fınancıal ınstruments' ın these fınancıal 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 for Business Innovation and Skills (BIS), regarding the making of payments to suppliers A copy of the code and information about it may be obtained from the BIS 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 2009, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is nil

On behalf of the board

J M Herbert
Director

28 June 2010

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 2009 which comprise the group and parent company Income Statement, the group and parent company Balance Sheet, the group and parent company Statement of Changes in Shareholder's Equity, the group and parent company Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2009 and of its group and parent's profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

John Williamson
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Hay's Galleria
1 Hays Lane
London
SE1 2RD

29 June 2010

CONSOLIDATED AND COMPANY INCOME STATEMENT
For the year ended 30 September 2009

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Income from partnerships	2	-	-	-	2,051
Finance income	3	1,863	-	-	-
Operating lease income	4	903	4,067	-	-
Depreciation of property, plant and equipment	9	(160)	(1,890)	-	-
Finance costs	5	(2,439)	(3,099)	(1,487)	(3,099)
		167	(922)	(1,487)	(1,048)
Other operating income		2	14	2	14
Other operating expenses	6	(3,945)	-	-	-
Impairment charge	18	-	-	(2,337)	-
Administration expenses		(47)	(363)	(1)	(237)
Loss before taxation	7	(3,823)	(1,271)	(3,823)	(1,271)
Taxation credit	8	10,540	404	10,540	404
Profit/(loss) for the year		6,717	(867)	6,717	(867)

STATEMENT OF COMPREHENSIVE INCOME

Total group and parent company's comprehensive income for the current and previous financial year is equal to the group and parent company's profit for the year as stated above, accordingly the group and parent company's Statement of Comprehensive Income has not been presented in these financial statements

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED BALANCE SHEET
As at 30 September 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
Assets					
Non-current assets					
Property, plant and equipment	9		-		57,940
Current assets					
Cash and cash equivalents	11	53,853		-	
Trade and other receivables	12	687	54,540	2,046	2,046
Total assets			54,540		59,986
Liabilities					
Current liabilities					
Borrowings	13		51,312		52,429
Non-current liabilities					
Deferred taxation	14		-		11,046
Total liabilities			51,312		63,475
Equity					
Share capital	15	-		-	
Retained earnings	16	3,228	3,228	(3,489)	(3,489)
Total liabilities and equity			54,540		59,986

The directors approved the accounts on 28 June 2010

J M Herbert
Director

5017273

The accompanying notes are an integral part of the Financial Statements

COMPANY BALANCE SHEET
As at 30 September 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
Assets					
Non-current assets					
Investment in limited partnerships	18		53,851		57,938
Current assets					
Trade and other receivables	12		270		2,046
Total assets			54,121		59,984
Liabilities					
Current liabilities					
Borrowings	13		50,893		52,427
Non-current liabilities					
Deferred taxation	14		-		11,046
Total liabilities			50,893		63,473
Equity					
Share capital	15	-		-	
Retained earnings	16	3,228	3,228	(3,489)	(3,489)
Total liabilities and equity			54,121		59,984

The directors approved the accounts on *28 June 2010*

J M Herbert
Director

5017273

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £000	Retained earnings £000	Total £000
Balance at 30 September 2007	15,16	-	(2,722)	(2,722)
Transactions with owners				
Dividend repaid	16	-	100	100
Total comprehensive income for the year				
Loss for the year	16	-	(867)	(867)
Balance at 30 September 2008	15,16	-	(3,489)	(3,489)
Total comprehensive income for the year				
Profit for the year	16	-	6,717	6,717
Balance at 30 September 2009	15,16	-	3,228	3,228

COMPANY STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £000	Retained earnings £000	Total £000
Balance at 30 September 2007	15,16	-	(2,722)	(2,722)
Transactions with owners				
Dividend repaid	16	-	100	100
Total comprehensive income for the year				
Loss for the year	16	-	(867)	(867)
Balance at 30 September 2008	15,16	-	(3,489)	(3,489)
Total comprehensive income for the year				
Profit for the year	16	-	6,717	6,717
Balance at 30 September 2009	15,16	-	3,228	3,228

The accompanying notes are an integral part of the Financial Statements

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

For the year ended 30 September 2009

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Net cash flow from operating activities	20	175	(680)	(1,581)	(2,570)
Investing activities					
Add Sale of property, plant and equipment		53,847	-	-	-
Add Capital distribution from partnerships	18	-	-	1,769	1,890
Less Additions to partnership capital	18	-	-	(19)	-
Net cash flow from investing activities		53,847	-	1,750	1,890
Financing activities					
Dividend	16	-	100	-	100
Net cash flow from financing activities		-	100	-	100
Net movement in cash and cash equivalents		54,022	(580)	169	(580)
Cash and cash equivalents at beginning of the year		(526)	54	(526)	54
Cash and cash equivalents at end of the year		53,496	(526)	(357)	(526)

Cash and cash equivalents are comprised of

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Cash at bank	11	53,853	-	-	-
Bank overdraft	13	(357)	(526)	(357)	(526)
		53,496	(526)	(357)	(526)

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 IAS 1 (revised) Presentation of financial statements The adoption of 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 in accordance with the partnership agreements Distributions in excess of partnership profits are treated as a reduction in 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) Financial assets and liabilities at fair value through the profit or loss

Other financial assets and liabilities at fair value through profit or loss are designated as such by management upon initial recognition Such assets and liabilities are carried in the balance sheet at their fair value and gains and losses arising from changes in fair value are recognised in the income statement within net trading income in the period in which they occur Financial assets and liabilities are designated as at fair value through profit or loss on acquisition When doing so results in more relevant information because either

- it eliminate or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets and liabilities or recognising gains or losses on them on a different basis, or
- the assets and liabilities are part of a group which is managed, and its performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy with management information also prepared on this basis, or
- where the assets and liabilities contain one or more embedded derivatives that significantly modify the cash flows arising under the contract and would otherwise need to be separately accounted for

The fair values of assets and liabilities traded in active markets are based on current bid and offer prices respectively If the market is not active the company establishes a fair value by using valuation techniques These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants

(d) 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

The criteria that the company uses to determine that there is objective evidence of an impairment loss include

– Delinquency in contractual payments of principal and/or interest,
– Indications that the borrower or group of borrowers is experiencing significant financial difficulty,
– Restructuring of debt to reduce the burden on the borrower,
– Breach of loan covenants or conditions, and
– Initiation of bankruptcy or individual voluntary arrangement proceedings

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 lease

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit rating, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years A reversal of an impairment loss is recognised as a credit to the income statement

(e) 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 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 Deferred tax related to fair value re-measurement of financial assets and liabilities, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously

(f) Dividends

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

NOTES TO THE FINANCIAL STATEMENTS

(g) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and amounts due from banks with a maturity of less than three months

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 agreements

3 Finance income

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Interest receivable on bank deposits	909	-	-	-
Interest receivable on available-for-sale financial assets	954	-	-	-
	1,863	-	-	-

4 Operating lease income

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Operating lease income	903	4,067	-	-

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

5 Finance costs

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Interest payable on bank loans	2,439	3,099	1,487	3,099

6 Other operating expenses

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Loss on disposal of property, plant and equipment	3,528	-	-	-
Profit attributable to minority interest (Note 17)	417	-	-	-
	3,945	-	-	-

7 Loss before taxation

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 (2008 £8,500) The group has no employees and the directors received no remuneration in respect of their services to the company

NOTES TO THE FINANCIAL STATEMENTS

8 Taxation credit

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
The credit for the year comprises				
Group relief (payable)/receivable on current taxation loss for the year	(504)	1,396	(504)	1,396
Adjustment in respect of prior year	(2)	43	(2)	43
Total group relief (payable)/receivable for year	(506)	1,439	(506)	1,439
Deferred taxation (Note 14)	11,044	(992)	11,044	(992)
Adjustment in respect of prior year	2	(43)	2	(43)
Total taxation credit for the year	10,540	404	10,540	404

Where taxation on the company's profit for the year differs from the taxation credit that would arise using the standard rate of corporation tax at 28% (2008 29%), the differences are explained below

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Loss before taxation	(3,823)	(1,271)	(3,823)	(1,271)
Taxation credit at the standard rate of corporation tax	1,070	369	1,070	369
Impact of tax rate change	-	35	-	35
Permanent differences	9,470	-	9,470	-
Total taxation credit for the year	10,540	404	10,540	404

9 Property, plant and equipment

	Group 2009 £000	Group 2008 £000
Operating lease assets Ships		
Original cost		
At beginning of the year	65,860	65,860
Disposals during the year	(65,860)	-
At end of the year	-	65,860
Depreciation		
At beginning of the year	(7,920)	(6,030)
Disposals during the year	8,080	-
Charge for the year	(160)	(1,890)
At end of the year	-	(7,920)
Net book value at end of the year	-	57,940

NOTES TO THE FINANCIAL STATEMENTS

9 Property, plant and equipment (continued)

	Group	
	2009	2008
Future minimum lease payments under operating leases	£000	£000
Within 1 year	-	886
2 - 5 years inclusive	-	-
After 5 years	-	-
At end of the year	-	886

10 Financial assets at fair value through profit or loss

	Group	
	2009	2008
	£000	£000
At beginning of the year	-	-
Additions during the year	184,048	-
Disposal	(184,048)	-
At end of the year	-	-

Unquoted equity investments are designed as fair value though profit and loss upon recognition and represent the company's investments in limited partnerships

11 Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Cash at bank	53,853	-	-	-

For further details please refer to note 21

12 Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Group relief receivable	264	1,912	264	1,912
Trade receivables	423	134	6	134
	687	2,046	270	2,046

For further details please refer to note 21

NOTES TO THE FINANCIAL STATEMENTS

13 Borrowings

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Bank overdraft	357	526	357	526
Amounts due to third party	-	234	-	234
Bank borrowings	50,427	51,024	50,427	51,024
Interest payable	109	643	109	643
Amounts payable to minority interests (note 17)	419	2	-	-
	51,312	52,429	50,893	52,427

For further details please refer to note 21

14 Deferred taxation

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
At beginning of the year	11,046	10,011	11,046	10,011
Deferred taxation charge for the year	(11,044)	992	(11,044)	992
Adjustment in respect of prior year	(2)	43	(2)	43
At end of the year	-	11,046	-	11,046

The deferred taxation charge/(credit) in the income statement comprises the following differences

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Accelerated tax depreciation	(11,044)	992	(11,044)	992
Adjustment in respect of prior year	(2)	43	(2)	43
Total deferred taxation (credit)/charge	(11,046)	1,035	(11,046)	1,035

Deferred taxation liabilities are comprised as follows

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Deferred taxation liabilities				
Accelerated taxation depreciation	-	11,046	-	11,046

NOTES TO THE FINANCIAL STATEMENTS

15 Share capital

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
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

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 13

16 Retained earnings

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
At beginning of the year	(3,489)	(2,722)	(3,489)	(2,722)
Loss for the year	6,717	(867)	6,717	(867)
Repayment of previously distributed dividend	-	100	-	100
At end of the year	3,228	(3,489)	3,228	(3,489)

17 Minority interests

	Group	
	2009	2008
	£000	£000
At beginning of the year	2	2
Profit attributable to non equity minority interests	417	-
At end of the year	419	2

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 increase in the minority interest is attributable to changes to the underlying partnership agreement which confer priority in receipt of future income to the minority interest increasing the minority interest in the leased assets carrying value

NOTES TO THE FINANCIAL STATEMENTS

18 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 Guernsey limited partnerships, each of which previously carried on business as an owner and charterer of a ship

	Company	
	2009	2008
	£000	£000
At beginning of the year	57,938	59,828
Additions during the year	19	-
Impairment charge for the year	(2,337)	-
Repayment of partnership capital	(1,769)	(1,890)
At end of the year	53,851	57,938

19 Risk management of financial instruments

The primary financial risks affecting the group are credit risk, liquidity risk and market risk (which include interest rate risk and foreign currency 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 in note 1 describe 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 Not taking account of any collateral held, the maximum exposure to loss is considered to be the balance sheet carrying amount plus any undrawn commitments as at 30 September 2009

	Group		Company	
Financial assets which are neither passed due nor impaired	2009	2008	2009	2008
	£000	£000	£000	£000
Cash at bank	53,853	-	53,851	-
Group relief receivable	264	1,912	264	1,912
Trade receivables	423	134	6	134
Total credit risk exposure	54,540	2,046	54,121	2,046

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 The table below reflects the credit rating of the financial assets received

Financial assets by credit rating - Group

	AAA	AA	A	BBB	Rated BB or lower	Not rated	Total
At 30 September 2009	£000	£000	£000	£000	£000	£000	£000
Cash at bank	-	53,853	-	-	-	-	53,853
Group relief receivable	-	264	-	-	-	-	264
Trade receivables	-	-	-	-	-	423	423
Total	-	54,117	-	-	-	423	54,540

NOTES TO THE FINANCIAL STATEMENTS

19 Risk management of financial instruments (continued)

At 30 September 2008	AAA £000	AA £000	A £000	BBB £000	Rated BB or lower £000	Not rated £000	Total £000
Group relief receivable	1,912	-	-	-	-	-	1,912
Trade receivables	-	-	134	-	-	-	134
Total	1,912	-	134	-	-	-	2,046

Financial assets by credit rating - Company

At 30 September 2009	AAA £000	AA £000	A £000	BBB £000	Rated BB or lower £000	Not rated £000	Total £000
Cash at bank	-	53,851	-	-	-	-	53,851
Group relief receivable	-	264	-	-	-	-	264
Trade receivables	-	-	-	-	-	6	6
Total	-	54,115	-	-	-	6	54,121
At 30 September 2008	£000	£000	£000	£000	£000	£000	£000
Group relief receivable	1,912	-	-	-	-	-	1,912
Trade receivables	-	-	134	-	-	-	134
Total	1,912	-	134	-	-	-	2,046

At 30 September 2009 and 2008 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			
At 30 September 2009	Bank overdraft £000	Bank borrowings £000	Other creditors £000	Total liabilities £000
On demand	357	-	419	776
Up to 1 Month	-	50,536	-	50,536
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 years	-	-	-	-
Total	357	50,536	419	51,312

	Group			
At 30 September 2008	Bank overdraft £000	Bank borrowings £000	Other creditors £000	Total liabilities £000
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

19 Risk management of financial instruments (continued)

	Company			
	Bank overdraft	Bank borrowings	Other creditors	Total liabilities
At 30 September 2009	£000	£000	£000	£000
On demand	357	-	-	357
Up to 1 Month	-	50,536	-	50,536
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 years	-	-	-	-
Total	357	50,536	-	50,893

	Company			
	Bank overdraft	Bank borrowings	Other creditors	Total liabilities
	£000	£000	£000	£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

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 group 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 its finance income is matched to the variable interest terms of the borrowing used to finance the leasing portfolio As such the company has no material exposure to financial risk arising from changes in market interest rates

Based on the balance sheet carrying values a +/- 25 basis point change in interest rates will increase/reduce finance income by £135,000 and finance costs by £132,000

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

20 Notes to the cash flow statement

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Loss from operations	(3,823)	(1,271)	(3,823)	(1,271)
Add Depreciation on plant and equipment	160	1,890	-	-
Add Loss on sale of property plant and equipment	3,528	-	-	-
Add Impairment charge	-	-	2,337	-
Operating cash flows before movements in working capital	(135)	619	(1,486)	(1,271)
Movement in receivables	116	(6)	128	(6)
Movement in payables	(948)	(2,446)	(1,365)	(2,446)
Cash generated by operations	(967)	(1,833)	(2,723)	(3,723)
Group relief received	1,142	1,153	1,142	1,153
Net cash flow from operating activities	175	(680)	(1,581)	(2,570)

21 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, of 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) at 30 September were as follows

Nature of transaction	Related party	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Cash at bank	Subsidiary of the Lloyds Banking Group	53,853	-	-	-
Bank overdraft	Subsidiary of the Lloyds Banking Group	(357)	(526)	(357)	(526)
Group relief receivable	Subsidiary of the Lloyds Banking Group	264	1,912	264	1,912
Bank borrowings	Subsidiary of the Lloyds Banking Group	(50,427)	(51,024)	(50,427)	(51,024)
Interest payable	Subsidiary of the Lloyds Banking Group	(109)	(643)	(109)	(643)

Bank borrowings are interest bearing and during the year rates of up to 6 25% (2008 6 28%) were charged Finance costs of £2,439,000 (2008 £3,099,000) were incurred during the year

The group did not incur a management fee this year from its majority shareholder, Lloyds TSB Leasing Limited (2008 £234,000)

The group received group relief of £1,142,000 (2008 £1,153,000) during the year from its ultimate majority shareholder, Lloyds TSB Bank plc

22 Future developments

The following accounting standard changes will impact the group in the future financial periods

Pronouncement	Nature of change	IASB effective date
Revised IAS1	Introduces changes to the presentation of the balance sheet, income statement and cash flow statement	Annual periods beginning on or after 1 January 2009
IAS 27 Consolidated and Separate Financial Statements	Requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control, any remaining interest in an investee is re-measured to fair value in determining the gain or loss recognised in profit or loss where control over the investee is lost	Annual periods beginning on or after 1 January 2009
Amendment to IAS 39 Financial Instruments Recognition and Measurement – Eligible Hedged Items	Clarifies how the principles underlying hedge accounting should be applied in particular situations	Annual periods beginning on or after 1 July 2009
Improvements to IFRSs[1] (issued April 2009)	Sets out minor amendments to IFRS standards as part of annual improvements process	Dealt with on a standard by standard basis but not earlier than annual periods beginning on or after 1 January 2010
IFRS 9 Financial Instruments Classification and Measurement[1]	Simplifies the way entities will classify financial assets and reduces the number of classification categories to two, fair value and amortised cost The existing available-for-sale and held-to-maturity categories have been eliminated Classification will be made on the basis of the objectives of entity's business model for managing the assets and the characteristics of the contractual cash flows	Annual periods beginning on or after 1 January 2013
IAS24 Related Party Disclosures[1]	Simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities	Annual periods beginning on or after 1 January 2011

[1] At the date of this report, these pronouncements are awaiting EU endorsement

The initial view is that none of these pronouncements are expected to cause any material adjustments to reported numbers in the financial statements