

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED
Consolidated Financial Accounts
30 September 2010

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COMPANIES HOUSE

A member of the Lloyds Banking Group
Registered Number 5017273

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

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

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

REPORT OF THE DIRECTORS

REVIEW OF BUSINESS

During the year, the principal activity of the group was the management of financial assets and this is likely to continue in the foreseeable future

The company has investment in seven limited partnerships registered in the UK, being the Fatmarini Maritime, Frabandari Maritime, Hartati Maritime, Harsandadi Maritime, Nolowati Maritime, Nogogini Maritime and Ratih Maritime Limited Partnerships. The underlying partnerships sold their leased asset business and goodwill in 2009.

The results of the group show a profit before tax of £47,000 (2009: £3,823,000 (loss)) for the year as set out in the income statement on page 5. The group has a net shareholder's equity of £3,258,000 (2009: £3,228,000).

DIVIDEND

The directors did not authorise or pay any dividend during the year (2009: £nil).

DIRECTORS

The names of the directors of the company are shown on page 1.

No director had any interest in any material contract or arrangement with the company during or at the end of the year.

RESPONSIBILITIES OF DIRECTORS

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

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

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

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

DIRECTORS' INDEMNITIES

The Directors have the benefit of a contract of indemnity which constitutes a "qualifying third party indemnity provision". This contract came into force during the financial year and remains in force. It is available for inspection at the registered office of Lloyds Banking Group plc.

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 company'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 company's auditors are aware of that information.

AUDITORS' APPOINTMENT

Pursuant to section 487 of the Companies Act 2006, auditors duly appointed by the members of the Group shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and PricewaterhouseCoopers LLP will therefore continue in office.

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 18 - Risk management of financial instruments in these financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

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

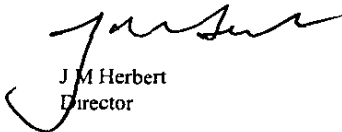
POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The group follows 'The Prompt Payment Code' published by the Department for Businesses Innovation and Skills (BIS) regarding the making of payments to suppliers. Information about the 'Prompt Payment Code' may be obtained by visiting www.promptpaymentcode.org.uk

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 2010, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is nil (2009 nil)

On behalf of the board



J M Herbert
Director

22 June 2011

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 2010 which comprise the group and parent company Statement of Comprehensive Income, the group and parent company Balance Sheets, the group and parent company Statements 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 Chapter 3 of Part 16 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 2010 and of the 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



Andrew Hawkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

7 More London Riverside
London
SE1 2RT

Date 22 June 2011

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2010

		Group		Company	
	Note	2010 £000	2009 £000	2010 £000	Restated 2009 £000
Finance income	2	384	1,863	377	898
Operating lease income	3	-	903	-	903
Depreciation of property, plant and equipment	8	-	(160)	-	-
Finance costs	4	(329)	(2,439)	(328)	(1,487)
		<hr/>	<hr/>	<hr/>	<hr/>
		55	167	49	314
Other operating income		-	2	-	2
Other operating expenses	5	(8)	(3,945)	(2)	-
Impairment charge	17	-	-	-	(3,935)
Administration expenses		-	(47)	-	(204)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before taxation	6	47	(3,823)	47	(3,823)
Taxation (charge)/credit	7	(17)	10,540	(17)	10,540
		<hr/>	<hr/>	<hr/>	<hr/>
Profit after tax and Total Comprehensive Income for the year attributable to owners of the parent		30	6,717	30	6,717
		<hr/>	<hr/>	<hr/>	<hr/>


The accompanying notes are an integral part of the Financial Statements

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

CONSOLIDATED BALANCE SHEET
As at 30 September 2010

	Note	2010 £000	£000	2009 £000	£000
Assets					
Non current assets					
Deferred tax	13	2		-	
Current assets					
Cash and cash equivalents	10	54,636		53,853	
Amounts owed by group companies	11	-		264	
Other receivables		425	55,063	423	54,540
Total assets			55,063		54,540
Liabilities					
Current liabilities					
Minority interest	16	424		417	
Amounts owed to group companies	12	51,381	51,805	50,895	51,312
Total liabilities			51,805		51,312
Equity					
Share capital	14	-		-	
Retained earnings	15	3,258	3,258	3,228	3,228
Total liabilities and equity			55,063		54,540

The directors approved the accounts on 22 June 2011


J M Herbert
Director

Registered Number 5017273


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 2010

	Note	2010 £000	£000	2009 £000	£000
Assets					
Non-current assets					
Investment in limited partnerships	17		53,851		53,851
Deferred tax	13		2		-
Current assets					
Cash and cash equivalents	10		428		-
Amounts owed by group companies	11		-		264
Other receivables			1		6
Total assets			54,282		54,121
Liabilities					
Current liabilities					
Amounts owed to group companies	12	51,024		50,893	
Total liabilities			51,024		50,893
Equity					
Share capital	14	-		-	
Retained earnings	15	3,258	3,258	3,228	3,228
Total liabilities and equity			54,282		54,121

The directors approved the accounts on 22 June 2011


J M Herbert
Director

Registered Number 5017273

The accompanying notes are an integral part of the Financial Statements

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £000	Retained earnings £000	Total £000
Balance at 30 September 2008	14,15	-	(3,489)	(3,489)
Total comprehensive income for the year				
Profit for the year	15	-	6,717	6,717
Balance at 30 September 2009	14,15	-	3,228	3,228
Total comprehensive income for the year				
Profit for the year	15	-	30	30
Balance at 30 September 2010	14,15	-	3,258	3,258

COMPANY STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £000	Retained earnings £000	Total £000
Balance at 30 September 2008	14,15	-	(3,489)	(3,489)
Total comprehensive income for the year				
Profit for the year	15	-	6,717	6,717
Balance at 30 September 2009	14,15	-	3,228	3,228
Total comprehensive income for the year				
Profit for the year	15	-	30	30
Balance at 30 September 2010	14,15	-	3,258	3,258

The accompanying notes are an integral part of the Financial Statements

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
For the year ended 30 September 2010

		Group		Company	
	Note	2010 £000	2009 £000	2010 £000	2009 £000
Net cash flow from operating activities	19	783	175	785	(1,581)
Investing activities					
Add Sale of property, plant and equipment		-	53,847	-	-
Add Capital distribution from partnerships	17	-	-	-	1,769
Less Additions to partnership capital	17	-	-	-	(19)
Net cash flow from investing activities		-	53,847	-	1,750
Net cash flow from financing activities		-	-	-	-
Net movement in cash and cash equivalents		783	54,022	785	169
Cash and cash equivalents at beginning of the year		53,496	(526)	(357)	(526)
Cash and cash equivalents at end of the year		54,279	53,496	428	(357)
Cash and cash equivalents are comprised of					
Cash at bank	10	54,636	53,853	428	-
Bank overdraft	12	(357)	(357)	-	(357)
		54,279	53,496	428	(357)

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. These policies have been consistently applied to all years, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, under the historical cost convention, as modified by the revaluation of financial instruments at fair value through profit or loss.

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing financial support provided by Lloyds TSB Bank plc. After making appropriate enquiries, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Lloyds TSB Maritime Leasing (No 12) Limited and its subsidiaries (the group) 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(d) 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) Financial instruments

The group has financial instruments classified as loans and receivables. Classification of its financial assets is at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Other receivables and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other receivables are measured net of any impairment provisions.

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.

NOTES TO THE FINANCIAL STATEMENTS

(c) 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

(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 group 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 original effective interest rate

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.

(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 an original maturity of less than three months less bank overdrafts. Bank overdrafts are reflected within borrowings within current liabilities on the balance sheet.

(h) Restatement

Grouping of balances in profit and loss in impairment rather than by nature

NOTES TO THE FINANCIAL STATEMENTS

2 Finance income

	Group		Company Restated	
	2010	2009	2010	2009
	£000	£000	£000	£000
Interest receivable on bank deposits	384	909	-	-
Interest receivable on investments in partnerships	-	-	377	898
Interest receivable on financial assets at fair value through profit or loss (Note 9)	-	954	-	-
	<u>384</u>	<u>1,863</u>	<u>377</u>	<u>898</u>

3 Operating lease income

	Group		Company Restated	
	2010	2009	2010	2009
	£000	£000	£000	£000
Operating lease income	-	903	-	903

These amounts represent the lease rentals receivables up to the end of the lease, which were subject to change based on movements in corporation tax rate and variations in interest rates

4 Finance costs

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Interest payable on borrowings	335	2,439	328	1,487

5 Other operating expenses

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Loss on disposal of property, plant and equipment	-	3,528	-	-
Profit attributable to minority interest (Note 16)	6	417	-	-
Fees and commission	2	-	2	-
	<u>8</u>	<u>3,945</u>	<u>2</u>	<u>-</u>

6 Profit/(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 (2009 £8,500). The group has no employees and the directors received no remuneration in respect of their services to the company

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 Taxation (charge)/credit

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
The (charge)/credit for the year comprises				
Group relief payable on current taxation loss for the year	(15)	(504)	(15)	(504)
Adjustment in respect of prior year	(4)	(2)	(4)	(2)
Total group relief payable for year	(19)	(506)	(19)	(506)
Deferred taxation (Note 13)	2	11,044	2	11,044
Adjustment in respect of prior year	-	2	-	2
Total taxation (charge)/credit for the year	(17)	10,540	(17)	10,540

Where taxation on the company's profit for the year differs from the taxation (charge)/credit that would arise using the standard rate of corporation tax at 28% (2009 28%), the differences are explained below

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Profit/(loss) before taxation	47	(3,823)	47	(3,823)
Taxation (charge)/credit at the standard rate of corporation tax	(13)	1,070	(13)	1,070
Prior year adjustments	(4)	-	(4)	-
Permanent differences	-	9,470	-	9,470
Total taxation (charge)/credit for the year	(17)	10,540	(17)	10,540

As a result of the Finance (No 2) Act 2010, the corporation tax rate has changed from 28% to 27% with effect from 1 April 2011

8 Property, plant and equipment

	Group	
	2010	2009
	£000	£000
Operating lease assets Ships		
Original cost		
At beginning of the year	-	65,860
Disposals during the year	-	(65,860)
At end of the year	-	-
Depreciation		
At beginning of the year	-	(7,920)
Disposals during the year	-	8,080
Charge for the year	-	(160)
At end of the year	-	-
Net book value at end of the year	-	-

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 Financial assets at fair value through profit or loss

	Group	
	2010	2009
	£000	£000
At beginning of the year	-	-
Additions during the year	-	184,048
Disposal	-	(184,048)
	<hr/>	<hr/>
At end of the year	-	-
	<hr/>	<hr/>

Unquoted investments are designated as fair value through profit or loss upon recognition and represent the company's investments in commercial paper. These investments were disposed of in 2009.

10 Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Cash at bank	54,636	53,853	428	-
	<hr/>	<hr/>	<hr/>	<hr/>

For further details please refer to note 20

11 Amounts owed by group companies

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Group relief receivable	-	264	-	264
	<hr/>	<hr/>	<hr/>	<hr/>

For further details please refer to note 20

12 Amounts owed to group companies

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank overdraft	357	357	-	357
Group relief payable	517	-	517	-
Bank borrowings	50,427	50,427	50,427	50,427
Interest payable	80	111	80	109
	<hr/>	<hr/>	<hr/>	<hr/>
	51,381	50,895	51,024	50,893
	<hr/>	<hr/>	<hr/>	<hr/>

For further details please refer to note 20

NOTES TO THE FINANCIAL STATEMENTS

13 Deferred taxation

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
At beginning of the year	-	(11,046)	-	(11,046)
Deferred taxation (charge)/credit for the year	(2)	11,044	(2)	11,044
Adjustment in respect of prior year	-	2	-	2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of the year	(2)	-	(2)	-

The deferred taxation credit in the statement of comprehensive income comprises the following differences

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Accelerated tax depreciation	(2)	(11,044)	(2)	(11,044)
Adjustment in respect of prior year	-	(2)	-	(2)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred taxation credit	(2)	(11,046)	(2)	(11,046)

14 Share capital

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Authorised, allotted and issued fully paid				
Ordinary shares of £1 each	100	100	100	100

The company's immediate parent company is Lloyds TSB Leasing Limited. The company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member. Lloyds TSB Bank plc is the parent company of the smallest such group of undertakings. Copies of the group accounts may be obtained from the company secretary's office, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

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 make 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 20.

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 12.

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 Retained earnings

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
At beginning of the year	3,228	(3,489)	3,228	(3,489)
Profit for the year	30	6,717	30	6,717
	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year	3,258	3,228	3,258	3,228
	<hr/>	<hr/>	<hr/>	<hr/>

16 Minority interests

	Group	
	2010	2009
	£000	£000
At beginning of the year	417	2
Profit attributable to non equity minority interests	6	415
	<hr/>	<hr/>
At end of the year	423	417
	<hr/>	<hr/>

Minority interests represents the proportion of the net assets of the group that are not owned directly or indirectly by Lloyds TSB Maritime Leasing (No 12) Limited

17 Investment in limited partnerships

This represents the company's investment, at cost less capital repayment, 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, which are all Guernsey limited partnerships

	Company	
	2010	Restated 2009
	£000	£000
At beginning of the year	53,851	57,938
Additions during the year	-	1,617
Impairment charge for the year	-	(3,935)
Repayment of partnership capital	-	(1,769)
	<hr/>	<hr/>
At end of the year	53,851	53,851
	<hr/>	<hr/>

The directors are of the opinion that the carrying value of the investment in limited partnerships approximates the fair value

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
18 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", the following financial instruments are classified as shown:

	Held at cost or amortised cost £000	Group Loans and Receivables	Total £000	Held at cost or amortised cost £000	Company Loans and Receivables	Total £000
At 30 September 2010						
Assets						
Cash and cash equivalents	54,636	-	54,636	428	-	428
Trade and other receivables	-	425	425	-	1	1
Investment in limited partnerships	-	-	-	53,851	-	53,851
Total financial assets	54,636	425	55,061	54,279	1	54,280

	Held at cost or amortised cost £000	Group Loans and Receivables	Total £000	Held at cost or amortised cost £000	Company Loans and Receivables	Total £000
At 30 September 2009						
Assets						
Cash and cash equivalents	53,853	-	53,853	-	-	-
Trade and other receivables	-	423	423	-	6	6
Investment in limited partnerships	-	-	-	53,851	-	53,851
Amount due from group companies	264	-	264	264	-	264
Total financial assets	54,117	423	54,540	54,115	-	54,121

	Held at cost or amortised cost £000	Group Total £000	Held at cost or amortised cost £000	Company Total £000
At 30 September 2010				
Liabilities				
Amounts due to group companies	51,381	51,381	51,024	51,024
Minority interest	424	424	-	-
Total financial liabilities	51,805	51,805	51,024	51,024

	Held at cost or amortised cost £000	Group Total £000	Held at cost or amortised cost £000	Company Total £000
At 30 September 2009				
Liabilities				
Amounts due to group companies	50,895	50,895	50,893	50,893
Minority interest	417	417	-	-
Total financial liabilities	51,312	51,312	50,893	50,893

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Financial assets which are neither past due nor impaired	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Cash at bank	54,636	53,853	428	-
Group relief receivable	-	264	-	264
Other receivables	425	423	-	6
Investment in limited partnerships	-	-	53,851	53,851
Total credit risk exposure	55,061	54,540	54,279	54,121

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
	£000	£000	£000	£000	£000	£000	£000
At 30 September 2010							
Cash at bank	-	54,636	-	-	-	-	54,636
Group relief receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	425	425
Total	-	54,636	-	-	-	425	55,061
	AAA	AA	A	BBB	Rated BB or lower	Not rated	Total
	£000	£000	£000	£000	£000	£000	£000
At 30 September 2009							
Cash at bank	-	53,853	-	-	-	-	53,853
Group relief receivable	-	264	-	-	-	-	264
Other receivables	-	-	-	-	-	423	423
Total	-	54,117	-	-	-	423	54,540

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 Risk management of financial instruments (continued)

Financial assets by credit rating - Company

	AAA	AA	A	BBB	Rated BB or lower	Not rated	Total
	£000	£000	£000	£000	£000	£000	£000
At 30 September 2010							
Cash at bank	-	428	-	-	-	-	428
Group relief receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Investment in limited partnerships	-	-	-	-	-	53,851	53,851
Total	-	428	-	-	-	53,851	54,279
At 30 September 2009	£000	£000	£000	£000	£000	£000	£000
Cash at bank	-	53,851	-	-	-	-	53,851
Group relief receivable	-	264	-	-	-	-	264
Other receivables	-	-	-	-	-	6	6
Investment in limited partnerships	-	-	-	-	-	53,851	53,851
Total	-	54,115	-	-	-	53,857	107,972

At the balance sheet date the group assesses if there is objective evidence that the financial assets have become impaired. Evidence of impairment may include indications that the counterparty is experiencing financial difficulty, default or delinquency in settlements of amounts due or debt restructurings to reduce the financial burden on the counterparty.

At 30 September 2010 and 2009 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

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The liquidity profile of financial liabilities at the year end was as follows:

	Bank overdraft	Group Bank borrowings	Other creditors	Total liabilities
	£000	£000	£000	£000
At 30 September 2010				
On demand	357	-	941	1,298
Up to 1 Month	-	-	-	-
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	50,507	-	50,507
Over 5 years	-	-	-	-
Total	357	50,507	941	51,805
At 30 September 2009				
On demand	357	-	417	774
Up to 1 Month	-	-	-	-
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	50,538	-	50,538
Over 5 years	-	-	-	-
Total	357	50,538	417	51,312

NOTES TO THE FINANCIAL STATEMENTS

18 Risk management of financial instruments (continued)

	Bank overdraft £000	Company Bank borrowings £000	Other creditors £000	Total liabilities £000
At 30 September 2010				
On demand	-	-	517	517
Up to 1 Month	-	50,507	-	50,507
1 - 3 Months	-	-	-	-
3 - 12 Months	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 years	-	-	-	-
Total	-	50,507	517	51,024
At 30 September 2009				
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

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.

A +/- 25 basis point change in interest rates will increase/reduce finance income by £134,000 and finance costs by £126,000.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes on foreign exchange rates.

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

LLOYDS TSB MARITIME LEASING (NO 12) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19 Notes to the cash flow statement

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Profit/(loss) from operations	47	(3,823)	47	(3,823)
Add Depreciation on plant and equipment	-	160	-	-
Add Loss on sale of property plant and equipment	-	3,528	-	-
Add Impairment charge	-	-	-	2,337
Operating cash flows before movements in working capital	47	(135)	47	(1,486)
Movement in receivables	(2)	116	5	128
Movement in payables	(24)	(948)	(29)	(1,365)
Cash generated by operations	21	(967)	23	(2,723)
Group relief received	762	1,142	762	1,142
Net cash flow from operating activities	783	175	785	(1,581)

20 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.

The exchange control agreements were modified in December 2010 with the result that the Limited Partnerships are now controlled by Lloyds Leasing Limited a Subsidiary of Lloyds TSB Bank Plc. This will be the last set of consolidated accounts prepared by the company.

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

Nature of transaction	Related party	Group		Company	
		2010	2009	2010	2009
		£000	£000	£000	£000
Cash at bank	Subsidiary of the Lloyds Banking Group	54,636	53,853	428	-
Bank overdraft	Subsidiary of the Lloyds Banking Group	(357)	(357)	-	(357)
Group relief receivable/(payable)	Subsidiary of the Lloyds Banking Group	(517)	264	(517)	264
Bank borrowings	Subsidiary of the Lloyds Banking Group	(50,427)	(50,427)	(50,427)	(50,427)
Interest payable	Subsidiary of the Lloyds Banking Group	(80)	(111)	(80)	(109)

Bank borrowings are interest bearing and during the year rates of up to 0.74% (2009: 6.25%) were charged. Finance costs of £328,000 (2009: £1,487,000) were incurred during the year.

The group received group relief of £762,000 (2009: £1,142,000) during the year from its ultimate majority shareholder, Lloyds TSB Bank plc.

NOTES TO THE FINANCIAL STATEMENTS

21 Future developments

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

Pronouncement	Nature of change	IASB effective date
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	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
Amendment to IFRS 7 Financial Instruments Disclosure on derecognition	These amendments include two changes to IFRS 1 First time adoption. The first replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. For further details see Straight away.	Annual periods beginning on or after 1 July 2011
IFRS9, 'Financial Instruments' classification and measurement	This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities the standard retains most of the IAS 39 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change in the additions is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.	Annual periods beginning on or after 1 January 2013
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'	This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the borrower issuing its own equity instruments to the lender. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.	Annual periods beginning on or after 1 January 2013

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.

22 Post Balance Sheet Events

The Finance Bill (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% with effect from 1st April 2011. In his budget speech on 23 March 2011 the Chancellor announced a further reduction in the rate of corporation tax from 27% to 26% with effect from 1 April 2011. This further reduction was enacted under the Provisional Collection of Taxes Act 1968 on 29 March 2011.

This change had no impact on the carrying value of assets and liabilities at the year end and result for the year.

The proposed further reductions in the rate of corporation tax by 1% per annum to 23% from 1 April 2014 are expected to be enacted separately each year.