

LLOYDS BANK GENERAL LEASING (NO 1) LIMITED
(Formerly known as Lloyds TSB General Leasing (No 1) Limited)
24 October 2013

Member of Lloyds Banking Group

Registered Number 5148073



LLOYDS BANK GENERAL LEASING (NO 1) LIMITED

DIRECTORS

C G Dowsett
G A Fox
R O Williams

COMPANY SECRETARY

M A A Johnson

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Atria 1
144 Morrison Street
Edinburgh
EH3 8EX

REGISTERED OFFICE

25 Gresham Street
London
EC2V 7HN

COUNTRY OF INCORPORATION

England and Wales

REGISTERED COMPANY NUMBER

5148073

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 24 October 2013

REVIEW OF BUSINESS

During the year, the principal activity of the company was the holding of investments in limited partnerships

On 23 September 2013, Lloyds TSB General Leasing (No 1) Limited changed its name to Lloyds Bank General Leasing (No 1) Limited

The results of the company show a profit before taxation of £9,000 (2012 £30,000 profit) for the year as set out in the statement of comprehensive income on page 5

The company has shareholder's equity of £3,387,000 (2012 £3,391,000)

DIVIDENDS

The directors did not authorise or pay any dividends during the year (2012 £nil)

DIRECTORS

The names of the directors of the company who were in office at the date of the signing of financial statements are shown on page 1. The following changes in directors have taken place during the year

	Appointed	Resigned/ceased to be a director
R A Isaacs	-	13 December 2012
S C Gledhill	-	29 May 2013
G A Fox	29 May 2013	-

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 company and of the profit or loss of 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 accounting 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

Lloyds Banking Group plc has granted to the directors of the company, including former directors who resigned during the year, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deeds were in force during the whole of the financial year and at the date of approval of the financial statements (or from the date of appointment in respect of directors who joined the board of the company during the financial year). Directors no longer in office but who served on the board of the company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnities remain in force for the duration of a director's period of office. The deeds indemnify the directors to the maximum extent permitted by law. Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the group has in place appropriate directors' and officers' liability insurance cover which was in place throughout the financial year.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, 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

REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS' APPOINTMENT

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006

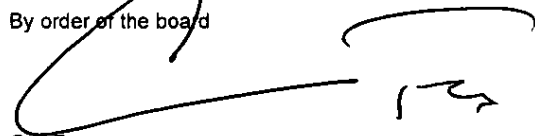
PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, 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 13 'Risk management of financial instruments' in these financial statements

KEY PERFORMANCE INDICATORS ('KPIs')

Given the straightforward nature of the business, the company'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

By order of the board



G A Fox
Director

Date 30th April 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYDS BANK GENERAL LEASING (NO 1) LIMITED

We have audited the financial statements of Lloyds Bank General Leasing (No 1) Limited for the year ended 24 October 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholder's Equity, the 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 Statement of Directors' Responsibilities 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the report of the directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 24 October 2013 and of its loss 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 matters 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 or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Stephanie Cowie

Stephanie Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Edinburgh

Date

30th April 2014

LLOYDS BANK GENERAL LEASING (NO 1) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 24 October 2013

	Note	2013 £000	2012 £000
Income from limited partnerships	2	265	511
Finance costs	3	(254)	(481)
		<u>11</u>	<u>30</u>
Administration expenses	4	(2)	-
Profit before taxation	5	<u>9</u>	<u>30</u>
Taxation charge	6	(13)	(5)
(Loss)/profit after tax and total comprehensive (loss)/income for the year attributable to owners of the parent		<u>(4)</u>	<u>25</u>

The accompanying notes are an integral part of the Financial Statements

LLOYDS BANK GENERAL LEASING (NO 1) LIMITED

BALANCE SHEET
As at 24 October 2013

	Note	2013 £000	2012 £000
Assets			
Non-current assets			
Investment in limited partnerships	7	52,928	52,928
Total non-current assets		<u>52,928</u>	<u>52,928</u>
Current assets			
Amounts owed by group companies	8	371	362
Total current assets		<u>371</u>	<u>362</u>
Total assets		<u>53,299</u>	<u>53,290</u>
Liabilities			
Current liabilities			
Amounts owed to group companies	9	49,912	49,899
Total current liabilities		<u>49,912</u>	<u>49,899</u>
Equity			
Share capital	11	-	-
Retained earnings	12	3,387	3,391
Total equity		<u>3,387</u>	<u>3,391</u>
Total liabilities and equity		<u>53,299</u>	<u>53,290</u>

The financial statements on pages 5 to 16 were approved by the Board of Directors on 30/04/14 and signed on its behalf by


G A Fox
Director

Registered Number 5148073

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £000	Retained earnings £000	Total £000
Balance at 24 October 2011	11, 12	-	3,366	3,366
Total comprehensive income for the year				
Profit for the year	12	-	25	25
Balance at 24 October 2012	11, 12	-	3,391	3,391
Total comprehensive loss for the year				
Loss for the year	12	-	(4)	(4)
Balance at 24 October 2013	11, 12	-	3,387	3,387

The accompanying notes are an integral part of the Financial Statements

LLOYDS BANK GENERAL LEASING (NO 1) LIMITED

CASH FLOW STATEMENT

For the year ended 24 October 2013

	Note	2013 £000	2012 £000
Net cash flow from operating activities	14	9	1,303
Net movement in cash and cash equivalents		9	1,303
Cash and cash equivalents at beginning of the year		362	(941)
Cash and cash equivalents at end of the year		371	362
Cash and cash equivalents are comprised of			
Cash at bank	8	371	362
		371	362

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 the years presented, 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.

The financial statements have been prepared in accordance with Companies Act 2006 applicable to companies reporting under IFRSs.

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 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.

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 is measured in accordance with note 1(b) below.

1(a) Investments in limited partnerships

Income from investments in limited partnerships is recognised in accordance with the partnership agreement. Distributions in excess of partnership profits are treated as a reduction of partnership investment. The investment in limited partnership is stated at cost, less provision for any impairment.

1(b) 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.

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.

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial 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 statement of comprehensive income.

1(c) Taxation

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred 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.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)**1(c) Taxation (continued)**

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 statement of comprehensive income.

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.

1(d) Dividends

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

1(e) Cash and cash equivalents

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

1(f) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the company's functional and presentation currency.

2 Income from limited partnerships

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

3 Finance costs

	2013 £000	2012 £000
Interest payable on bank loans with other group companies	254	481
	<u>254</u>	<u>481</u>

4 Administration expenses

	2013 £000	2012 £000
Professional fees and other related expenses	2	-
	<u>2</u>	<u>-</u>

5 Profit before taxation

Audit fees for the company are borne by the ultimate parent company, the audit fee attributed to this company for the year was £8,500 (2012 £8,500). The company has no employees and the directors received no remuneration in respect of their services to the company.

NOTES TO THE FINANCIAL STATEMENTS

6 Taxation charge

	2013 £000	2012 £000
The taxation charge for the year comprises		
Current tax payable on profit for the year	(13)	(1)
Total current tax payable for the year	(13)	(1)
Deferred taxation (note 10)	-	(4)
Total taxation charge for the year	(13)	(5)

Where taxation on the company's profit for the year differs from the taxation charge that would arise using the standard rate of corporation tax of 23.4% (2012: 24.9%), the differences are explained below

	2013 £000	2012 £000
Profit before taxation	9	30
Tax at standard rate of corporation tax	(2)	(8)
Adjustment in respect of prior year (note 10)	-	(4)
Disallowed and non-taxable items	(11)	7
Total taxation charge	(13)	(5)

The Finance Act 2012, which was substantively enacted on 3 July 2012, included legislation to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013. In addition, the Finance Act 2013 was substantively enacted on 2 July 2013. The Act further reduces the rate of corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015.

7 Investment in limited partnerships

This represents the company's investments, at cost less impairment, of a 99.996% interest as a limited partner in the Advanced Deep Sea Installer Limited Partnership, a Guernsey Limited Partnership, which previously carried on business as owner and charterer of a ship. After the sale of the leased asset business and goodwill in 2009, the partnership has continued to manage cash deposits on behalf of the partners.

	2013 £000	2012 £000
At beginning of the year	52,928	52,928
At end of the year	52,928	52,928

8 Amounts owed by group companies

	2013 £000	2012 £000
Cash at bank	371	362
	371	362

For further details please refer to note 15

NOTES TO THE FINANCIAL STATEMENTS

9 Amounts owed to group companies

	2013 £000	2012 £000
Bank borrowings	49,882	49,882
Interest payable	9	9
Group relief payable	21	8
	<u>49,912</u>	<u>49,899</u>

For further details please refer to note 15

10 Deferred taxation

	2013 £000	2012 £000
At beginning of the year	-	4
Write off of deferred tax asset	-	(4)
	<u>-</u>	<u>-</u>
At end of the year	-	-

The deferred taxation result/charge in the statement of comprehensive income comprises the following

	2013 £000	2012 £000
Investment in limited partnerships	-	(4)
	<u>-</u>	<u>-</u>
Total deferred taxation charge	-	(4)

11 Share capital

As permitted by the Companies Act 2006, the company removed references to authorised share capital from its articles of association

	2013 £	2012 £
Allotted, issued and fully paid Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

The company's immediate parent company is Lloyds Bank Leasing Limited. The company regarded by the directors as the ultimate parent company and ultimate controlling party 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 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 or downloaded via www.lloydsbankinggroup.com

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholder through pricing products and services commensurately with the level of risk and, indirectly, to support the group's regulatory capital requirements

The company's parent manages the company's capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company's parent may adjust the amount of dividends to be paid to the shareholder, return capital to the shareholder, issue new shares, or enter into debt financing

The company's capital comprises all components of equity, movements in which appear in the statement of changes in shareholder's equity

NOTES TO THE FINANCIAL STATEMENTS

12 Retained earnings

	2013 £000	2012 £000
At beginning of the year	3,391	3,366
(Loss)/profit after tax and total comprehensive (loss)/income for the year	(4)	25
At end of the year	<u>3,387</u>	<u>3,391</u>

13 Risk management of financial instruments

The primary financial risks affecting the company 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", all financial assets 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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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 be the balance sheet carrying amount as at 24 October.

	2013 £000	2012 £000
Financial assets which are neither past due nor impaired for credit risk		
Amounts owed by group companies	<u>371</u>	<u>362</u>
Total credit risk exposure	<u>371</u>	<u>362</u>

Credit risk management is performed by various committees established by its ultimate parent, Lloyds Banking Group plc. Each exposure 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 plc. The company has no credit risk to a third party, all assets are recoverable from the company's ultimate parent, Lloyds Banking Group plc being an A (2012: A) credit rated financial institution.

At the balance sheet date the company 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.

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 asset.

The liquidity profile of financial liabilities at year end was as follows:

At 24 October 2013	Bank borrowings £000	Other liabilities £000	Total Liabilities £000
On demand	-	30	30
Up to 1 month	49,882	-	49,882
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
Total	<u>49,882</u>	<u>30</u>	<u>49,912</u>

NOTES TO THE FINANCIAL STATEMENTS

13 Risk management of financial instruments (continued)

Liquidity risk management (continued)

At 24 October 2012 (as restated)	Bank borrowings £000	Other liabilities £000	Total Liabilities £000
On demand	-	17	17
Up to 1 month	49,882	-	49,882
1-3 months	-	-	-
3-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	<hr/>	<hr/>	<hr/>
Total	49,882	17	49,899

The fair value of current liabilities approximates their carrying values

Bank borrowings and the associated interest payable upon them are borrowed short term and all borrowings are advanced by a fellow subsidiary undertaking of Lloyds Banking Group plc

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

Based on the balance sheet carrying values a +/- 25 basis point change in interest rates will increase/reduce finance income by £132,000 (2012 £132,000) and finance costs by £125,000 (2012 £125,000)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates

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

14 Notes to the cash flow statement

	2013 £000	2012 £000
Profit from operations	9	30
	<hr/>	<hr/>
Operating cash flows before movements in working capital	9	30
Movement in payables	-	(4)
	<hr/>	<hr/>
Cash generated by operations	9	26
Group relief received	-	1,277
	<hr/>	<hr/>
Net cash flow from operations	9	1,303

NOTES TO THE FINANCIAL STATEMENTS

15 Related parties

The company's related parties include other companies in the Lloyds Banking Group and the company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, which is determined to be the company's directors.

In respect of related party transactions, the outstanding balances receivable/(payable) at 24 October were as follows:

Nature of transaction	Related party	2013 £000	2012 £000
Cash at bank	Fellow subsidiary undertaking	371	362
Group relief payable	Fellow subsidiary undertaking	(21)	(8)
Bank borrowings	Fellow subsidiary undertaking	(49,882)	(49,882)
Interest payable	Fellow subsidiary undertaking	(9)	(9)

Bank borrowings are interest bearing and during the year rates of interest of up to 0.54% (2012: 1.09%) were charged. Finance costs of £254,000 (2012: £481,000) were incurred during the year.

The company received group relief of £nil (2012: £1,277,000) during the year from fellow subsidiary undertakings.

16 Future developments

The following accounting standard changes will impact the company in the future financial periods. Save as disclosed below, the initial view is that none of these pronouncements are expected to cause any material adjustments to reported numbers in the Financial Statements.

<u>Pronouncement</u>	<u>Nature of change</u>	<u>IASB effective date</u>
Amendment to IAS 32 'Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities'	Inserts application guidance to address inconsistencies identified in applying the offsetting criteria used in the standard. Some gross settlement systems may qualify for offsetting where they exhibit certain characteristics akin to net settlement.	Annual periods beginning on or after 1 January 2014
IFRS 7, 'Financial Instruments Disclosures' on offsetting financial assets and financial liabilities	Enhances current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.	Annual periods beginning on or after 1 January 2013
IFRS 9, 'Financial Instruments' ^{1, 2}	Replaces those parts of IAS 39 'Financial Instruments: Recognition and Measurement' relating to the classification, measurement and derecognition of financial assets and liabilities and hedge accounting. IFRS 9 requires financial assets to be classified into two measurement categories, fair value and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments and eliminated the available-for-sale financial asset and held-to-maturity investment categories in IAS 39. The requirements for derecognition are broadly unchanged from IAS 39. The standard also retains most of the IAS 39 requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value change attributable to the entity's own credit risk is recorded in other comprehensive income. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.	Date yet to be determined
IFRS 12, 'Disclosure of Interests in Other Entities'	Requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.	Annual periods beginning on or after 1 January 2013
IFRS 13, 'Fair Value Measurement'	The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. It applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements.	Annual periods beginning on or after 1 January 2013

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

² IFRS 9 is the standard which will replace IAS 39. Further changes to IFRS 9 are expected dealing with impairment of financial assets measured at amortised cost which will be based on expected rather than incurred credit losses, and limited amendments to classification and measurement which include the introduction of a third measurement category, fair value through other comprehensive income. Until the standard is complete, it is not possible to determine the overall impact of the standard on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

17 Post balance sheet events

Tax rate change

The Finance Act 2013 was substantively enacted on 2 July 2013. The Act further reduces the rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

Dissolution of limited partnership

On 18 December 2013, the Advanced Deep Sea Installer Limited Partnership was dissolved. The company's investment capital of £52,928,000 was repaid in full.