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Incorporated in Jersey under registration no 88121  
and registered in the UK under registration no FC025708

## **HAREWOOD INVESTMENTS LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2012**



**HAREWOOD INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended 31 December 2012**

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<b>COMPANY INFORMATION</b>
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**Country of Incorporation**

Jersey

**Directors**

M Field

N E Brick

**Secretary**

Crestbridge Corporate Services Limited (formerly Dominion Corporate Services Limited)

**Registered Office**

47 Esplanade

St Helier

JE1 0BD

Jersey

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## **HAREWOOD INVESTMENTS LIMITED**

### **DIRECTORS' REPORT**

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The Directors present their report and the financial statements of Harewood Investments Limited ('the Company') for the year ended 31 December 2012

#### **Principal activity and review of the business**

The principal activity of the company is investing in financial securities. The Company is incorporated in Jersey and its principal place of business is the United Kingdom.

The income statement on page 5 of the financial statements shows a profit after taxation for the year of £34 (2011: £35). The result is attributable to interest receivable.

The balance sheet on page 6 shows the Company's financial position at the end of the year, which, in net asset terms, is consistent with the prior period. There has been an increase in cash and cash equivalents to £11,730 (2011: decrease to £11,698) attributed to interest received and tax payments made during the financial period.

The Directors do not recommend the payment of a dividend (2011: £nil).

#### **Going concern and liquidity**

The Company has financial resources in the form of cash and cash equivalents which more than cover any payables under which it is currently obligated. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Financial risk management**

The Company's activities expose it to a variety of financial risks: price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. Refer to page 14 for further details on financial risk management.

#### **Capital structure**

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital, are shown in note 7. The Company has in issue only one class of equity shares, which is non-redeemable, carries one vote per share and has no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up.

#### **Results and dividends**

The results of the Company are set out in the income statement on page 5. No dividends have been declared during the year and none have been recommended (2011: £nil).

## **HAREWOOD INVESTMENTS LIMITED**

### **DIRECTORS' REPORT (continued)**

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#### **Directors**

The Directors holding office since 1 January 2012 were

M Field  
N E Brick

#### **Directors' indemnity**

The ultimate parent undertaking has put in place qualifying third party indemnity provisions in the form of a Directors and Officers insurance policy, for the benefit of the Company's Directors effective throughout the year and which remain in force at the date of this report

#### **Charitable and political donations**

During the year there were no charitable or political contributions made by the Company (2011 nil)

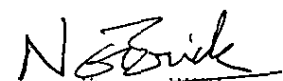
#### **Exemption from Audit**

In accordance with article 108 of the Companies (Jersey) Law 1991, the Company is not required to appoint auditors

#### **Secretary**

The Company Secretary holding office during the year was Dominion Corporate Services Limited

The registered office of the Company was 47 Esplanade, St Helier, Jersey



Director

NE BRICK

KRM JUNE 2013

## **HAREWOOD INVESTMENTS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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Companies (Jersey) Law 1991 requires the Directors to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company and of the profit and loss for that year

In preparing those accounts, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State that the financial statements comply with International Financial Reporting Standards, 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 proper accounting records which disclose at any time with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with laws or regulations

**HAREWOOD INVESTMENTS LIMITED****INCOME STATEMENT****For the year ended 31 December 2012**

	Notes	2012 £	2011 £
Interest receivable	2	45	48
<b>Profit before taxation</b>	<b>3</b>	<b>45</b>	<b>48</b>
Taxation	4	(11)	(13)
<b>Profit for the year</b>		<b>34</b>	<b>35</b>

The results for both the current year and prior period are derived wholly from continuing operations. Statement of comprehensive income is not required as a result of no movement noted in comprehensive income in both periods.

**HAREWOOD INVESTMENTS LIMITED**

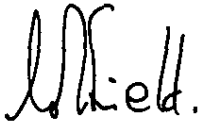
Company Registration No FC025708

**BALANCE SHEET**

As at 31 December 2012

	Notes	31 December 2012 £	31 December 2011 £
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	11,730	11,698
<b>TOTAL ASSETS</b>		<b>11,730</b>	<b>11,698</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	6	24	26
<b>TOTAL CURRENT LIABILITIES</b>		<b>24</b>	<b>26</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital and reserves</b>			
Ordinary shares	7	10,000	10,000
Retained earnings		1,706	1,672
<b>TOTAL EQUITY</b>		<b>11,706</b>	<b>11,672</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,730</b>	<b>11,698</b>

The Financial Statements on pages 5 to 15 were authorised for issue by the Board of Directors on 14 JUNE 2013 and were signed on its behalf by

  
Director  
M FIELD

**HAREWOOD INVESTMENTS LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2012**

	<b>Ordinary shares £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
Opening balance at 1 January 2011	10,000	1,637	11,637
Profit for the year	-	35	35
<b>At 31 December 2011</b>	<b>10,000</b>	<b>1,672</b>	<b>11,672</b>
Opening balance at 1 January 2012	<b>10,000</b>	<b>1,672</b>	<b>11,672</b>
Profit for the year	-	34	34
<b>At 31 December 2012</b>	<b>10,000</b>	<b>1,706</b>	<b>11,706</b>



**HAREWOOD INVESTMENTS LIMITED****STATEMENT OF CASH FLOW**  
**For the year ended 31 December 2012**

	Notes	2012 £	2011 £
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>		<b>45</b>	<b>48</b>
Adjustments for			
Interest received		-	(1)
Tax paid		(13)	(83)
<b>Net cash generated/(used in) by operating activities</b>		<b>32</b>	<b>(36)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>32</b>	<b>(36)</b>
Opening cash and cash equivalents		11,698	11,734
<b>Closing cash and cash equivalents</b>	<b>5</b>	<b>11,730</b>	<b>11,698</b>

## HAREWOOD INVESTMENTS LIMITED

### NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2012

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#### 1 Accounting Policies

The Company's principal activity is the holding of UK Government securities (gilts). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the year presented, unless otherwise stated.

##### a) Basis of preparation

The company is registered in Jersey.

These financial statements have been prepared in accordance with Companies (Jersey) Law 1991 and International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(c).

There were no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IFRS 13	Fair value measurements
IAS 19 (as revised in 2011)	Employee Benefits
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets
IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The adoption of IFRS 9 which the Group plans to adopt for the year beginning 1 January 2015 after the standard is endorsed by EU will impact both measurement and disclosure of financial instruments. The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Group in future periods.

These separate financial statements contain information about the Company as an individual company.

##### Going concern and liquidity

The Directors have a reasonable expectation that the Company and the Group will continue to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. This is discussed in the Directors' Report on page 2 under the heading of 'Going concern and liquidity'.

## **HAREWOOD INVESTMENTS LIMITED**

### **NOTES TO FINANCIAL STATEMENTS**

**For the year ended 31 December 2012**

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#### **1 Accounting Policies (*continued*)**

##### **b) Accounting Convention**

###### *(i) Trade date accounting*

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets

##### **c) Critical accounting estimates and judgements**

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as fair value of financial instruments (Note 1e).

##### **d) Revenue recognition**

###### *(i) Interest income*

Interest income arises from interest received on cash and cash equivalents. Interest income is recognised in the income statement using the effective interest method.

##### **e) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

##### **f) Share capital, capital contribution and debt instruments**

Ordinary shares and capital contributions that evidence a residual interest in the assets of the Company after deducting all of its liabilities are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

##### **g) Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

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, if the deferred tax arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that foreseeable future taxable profit will be available against which the temporary differences can be utilised.

##### **h) Dividend distribution**

The final dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

## HAREWOOD INVESTMENTS LIMITED

### NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2012

#### 2 Interest receivable

	2012 £	2011 £
Interest income	45	48
	45	48

#### 3 Profit before taxation

##### a) Director's emoluments

The Directors provide services to the Company, the ultimate parent undertaking and a number of fellow subsidiary undertakings. The emoluments of all Directors in the current and prior year are paid by the ultimate parent undertaking. The ultimate parent undertaking makes no recharge to the Company as it is not possible to make an accurate apportionment of Directors' emoluments in respect of each of the subsidiaries.

##### b) Number of employees

The Company had no employees during the year to 31 December 2012 (2011: nil).

#### 4 Taxation

##### (a) Analysis of tax (charge) in the period

	2012 £	2011 £
Analysis of (charge) in year		
Current tax		
UK Corporation tax on profits for the year	(11)	(13)
Tax (charge)	(11)	(13)
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax (charge) on profit on ordinary activities	(11)	(13)

## HAREWOOD INVESTMENTS LIMITED

### NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2012

#### 4 Taxation (continued)

##### (b) Factors affecting tax (charge) for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)

The tax (charge) for the period could be reconciled as follows -

	2012	2011
	£	£
Profit before tax	45	48
Profit before tax multiplied by corporation tax in the UK 24.5% (2011: 26.5%)	(11)	(13)
Tax (charge) for the current year	(11)	(13)

On 21 March 2012 the Chancellor of the Exchequer announced a number of changes to the main rate of UK corporation tax. With effect from 1 April 2012 the rate fell from 26% to 24%. This was enacted on 26 March 2012 under the Provisional Collection of Taxes Act 1968. With effect from 1 April 2013 the main rate will fall from 24% to 23%. This was substantively enacted on 3 July 2012 when the Finance Bill 2012 received its third reading in the House of Commons.

Deferred tax balances have been re-measured to 23%. This was the rate enacted at the balance sheet date.

Further changes to the main rate of UK corporation tax were announced by the Chancellor of the Exchequer in his Autumn Statement on 5 December 2012 and in his Budget on 20 March 2013. The rate will fall by 2% to a rate of 21% with effect from 1 April 2014 and by a further 1% to a rate of 20% with effect from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

The directors estimate that the effect of the rate reductions not substantively enacted will not give rise to a material impact on the Company's deferred tax asset/liability.

#### 5. Cash and cash equivalents

	31 December 2012	31 December 2011
	£	£
Cash and cash equivalents	11,730	11,698

**HAREWOOD INVESTMENTS LIMITED****NOTES TO FINANCIAL STATEMENTS****For the year ended 31 December 2012****6. Other payables**

	31 December 2012	31 December 2011
	£	£
Corporation tax payable	24	26

**7 Share capital**

	Number of shares	31 December 2012	31 December 2011
		£	£
Authorised			
Ordinary shares of £1 each	500,010,000	500,010,000	500,010,000
Issued and fully paid			
Ordinary shares of £1 each	10,000	10,000	10,000

The Company has in issue only one class of equity share, which is non-redeemable, carries one vote per share and has no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up

## HAREWOOD INVESTMENTS LIMITED

### NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2012

#### 8 Financial risk management

The Company's activities potentially expose it to a variety of financial risks, credit risk, liquidity risk, foreign exchange risk, price risk and cash flow and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The exposures and risk management techniques have not changed significantly from the prior year.

##### a) Credit risk

The Company takes on exposure to credit risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk arises on cash and cash equivalents due from other group companies and on available-for-sale UK Government Securities.

*Maximum exposure to credit risk before collateral held or credit enhancements*

	31 December 2012	31 December 2011
	£	£
Cash and cash equivalents	11,730	11,698
	11,730	11,698

The above table represents a worst case scenario of credit risk exposure for the Company at 31 December 2012 and 2011, without taking into account collateral held or other credit enhancements attached. The exposures set out above are based on the carrying amounts as reported in the balance sheet.

##### b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Other group companies will provide liquidity to the Company as and when cash is required. The financial liabilities as shown in Note 6 are all repayable on demand; consequently no liquidity table is provided.

##### c) Market risk

The Company's activities potentially expose it to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Exposure to market risk is monitored by the Directors.

##### (i) Foreign exchange risk

The Company is not exposed to foreign exchange risk as all assets and liabilities are denominated in the Company's functional currency of sterling.

##### (ii) Interest rate risk

The Company is not exposed to fair value interest rate risk as its investment in fixed rate UK Government Securities matured in the prior financial period. The Company is exposed to cash flow interest rate risk from its floating rate cash balances. It is the opinion of the Directors that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging.

## HAREWOOD INVESTMENTS LIMITED

### NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2012

#### 9 Related party transactions

Related party transaction and the outstanding balances receivable as at 31 December 2012 were as follows

Nature of transaction	Related party	31 December 2012	31 December 2011
		£	£
Cash and cash equivalents	Ultimate parent undertaking	11,730	11,698

Costs including key management compensation, audit fees, and services provided by support functions of the ultimate parent undertaking, e.g. finance, legal and secretarial services, that are incidental to the Company's operations, were borne by BNP Paribas London and no re-charge was made to the Company. All of the above related party transactions have been concluded at arm's length.

#### 10 Capital management

The Company categorises capital and retained profit as Shareholders' equity and as at 31 December, 2012, the value was £11,706 (2011: £11,672). Any changes to this total between prior year and current year are as a result of changes in the Company's income statement, payments of dividends or injections of new capital.

#### 11 Ultimate parent undertaking

The Company's immediate parent undertaking is BNP Paribas.

The Ultimate parent undertaking and controlling party is BNP Paribas, a company incorporated in France.

BNP Paribas is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements of BNP Paribas are available from 16 boulevard des Italiens, 75009 Paris, France.