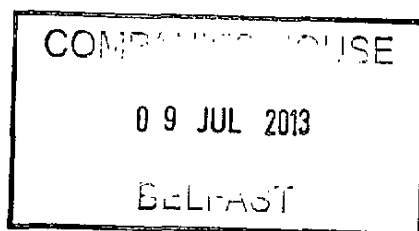


Aberco Limited

Directors' Report & Financial Statements

Year ended 31 December 2012

Company registration number: NI 028331



Aberco Limited

Directors report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report and business review	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Income statement	7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes forming part of the financial statements	12

Aberco Limited

Directors and other information

Directors	W G Hewitt J J McGowan G M McGinn
Secretary	M Emerson
Auditors	KPMG Chartered Accountants Stokes House 17-25 College Square East Belfast BT1 6DH
Bankers	First Trust Bank 92 Ann Street Belfast BT1 3HH
Registered Office	4 Queen's Square Belfast BT1 3DJ
Company registration number	NI 028331

Aberco Limited

Directors' report and business review

The directors have pleasure in submitting their report to the shareholders together with the audited financial statements for the year ended 31 December 2012.

Principal activities and strategy

The principal activity of the company is that of a property holding company. The company is committed to leasing its investment property, and also subletting another property, to the parent company AIB Group (UK) p.l.c..

Going concern

The global financial crisis, market instability and unprecedented levels of illiquidity have resulted in the company and parent group operating in a challenging environment. The principal risks that the company faces, which the directors have considered in the context of continuing as a going concern, are described below. The company meets day to day working capital arrangements through funding from the parent and ultimate parent company. The company had net liabilities of £186,535 at 31 December 2012 (2011: net assets £1,479,713). The parent company has given a letter of support to the company stating that it will financially support the company for a period of 12 months from the date these financial statements are signed. The directors, having regard for the parent's formal commitment to support the funding needs of the company, are satisfied that it continues to be appropriate to prepare the financial statements of the company on a going concern basis. The financial statements have been prepared on a going concern basis, as the directors are satisfied that the company has access to adequate resources to enable the company to continue in business for the foreseeable future.

Review of business and future developments

The loss after taxation for the year ended 31 December 2012 was £1,666,248 (2011: profit after taxation £376,772). This movement is due to an increase in expenses arising from an impairment charge of £2,282,463 (2011: £109,594) taken on the investment property during the year.

The company did not pay a dividend during the year (2011: £nil).

The company's statement of financial position identifies net liabilities at 31 December 2012 of £186,535 (2011: net assets £1,479,713). This is due to the impairment recognised on the investment property during the year.

Risk management

The management of the business and the execution of the company's strategy are subject to a number of risks as set out below:

Currency risk

The company's activities are based entirely in the United Kingdom and all transactions are in sterling, therefore there is no currency risk for the company.

Interest rate risk

The company has interest sensitive debt in the form of an intercompany loan with Allied Irish Banks, p.l.c. and is therefore subject to volatility in the base interest rate.

Liquidity risk

The objective of liquidity management is to ensure the availability, at all times, of sufficient funds to ensure all obligations are met. The company accomplishes this by maintaining sufficient cash balances.

Aberco Limited

Directors' report and business review *(continued)*

Credit risk

The company has no significant credit risk outside of AIB Group (UK) p.l.c.. As detailed in the above principal activities, the company is involved in leasing its investment property and subletting another property to its parent company AIB Group (UK) p.l.c., therefore the receivables figure is significantly made up of a group intercompany balance with its parent company.

Capital management

The company does not actively manage or review its capital requirements as it is not subject to externally imposed capital requirements. The company deems its capital to consist of 2 £1 ordinary shares.

There were no changes in the company's approach to capital management during the year.

Directors

The directors who held office during the year were:

W G Hewitt (appointed 13 September 2012)

J J McGowan

G M McGinn (appointed 14 March 2012)

The secretary of the company during the year was T C Smyth.

Political and charitable donations

The company made no political or charitable contributions during the year (2011: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

KPMG has indicated that it will resign as auditors following the completion of the annual financial statements for the year ended 31 December 2012 for the AIB Group Companies. The Directors have determined that they will, as required by Section 485 of the Companies Act 2006, put forward a resolution to appoint Deloitte as auditors to the Company.

By order of the board



M Emerson
Secretary

24 June 2013

Aberco Limited

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 estimates that are reasonable and prudent;
- state whether applicable IFRSs 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By Order of the Board


G M McGinn
Director

24 June 2013



KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditor's report to the members of Aberco Limited

We have audited the financial statements of Aberco Limited for the year ended 31 December 2012 set out on pages 7 to 26 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

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 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 annual report to identify material inconsistencies with the audited financial statements. 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 31 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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.



KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditor's report to the members of Aberco Limited (*continued*)

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.

John Poole (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
Stokes House
17-25 College Square East
Belfast
BT1 6DH

24 June 2013

Aberco Limited

Income statement

Year ended 31 December 2012

	<i>Note</i>	2012 £	2011 £
Revenue	<i>2</i>	1,382,436	1,373,187
Operating expenses	<i>3</i>	(737,999)	(728,849)
Impairment of investment property	<i>10</i>	(2,282,463)	(109,594)
		<hr/>	<hr/>
Operating (loss)/profit before net finance costs		(1,638,026)	534,744
Finance income		68,529	55,073
Finance expense		(41,024)	(40,910)
		<hr/>	<hr/>
Net finance income	<i>4</i>	27,505	14,163
		<hr/>	<hr/>
Profit before tax	<i>5</i>	(1,610,521)	548,907
Taxation	<i>7</i>	(55,727)	(172,135)
		<hr/>	<hr/>
Profit for the year		(1,666,248)	376,772
		<hr/>	<hr/>

The notes on pages 12 to 26 form part of these financial statements. All reported profits arise from continuing operations.

Aberco Limited

Statement of comprehensive income

Year ended 31 December 2012

	2012 £	2011 £
Profit for the year	(1,666,248)	376,772
	<hr/>	<hr/>
Other comprehensive income, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	(1,666,248)	376,772
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the company	(1,666,248)	376,772
	<hr/>	<hr/>
Total comprehensive income for the year	(1,666,248)	376,772
	<hr/> <hr/>	<hr/> <hr/>

Aberco Limited

Statement of financial position

At 31 December 2012

	Note	2012 £	2011 £
Non-current assets			
Property and equipment	9	48,587	56,563
Investment property	10	4,153,339	6,612,498
Total non-current assets		4,201,926	6,669,061
Current assets			
Trade and other receivables	11	4,925,006	4,117,241
Total current assets		4,925,006	4,117,241
Total assets		9,126,932	10,786,302
Current liabilities			
Trade and other payables	13	(8,272,026)	(8,320,876)
Current taxation	14	(820,631)	(612,103)
Total current liabilities		(9,092,657)	(8,932,979)
Non-current liabilities			
Deferred tax liability	8	(220,810)	(373,610)
Total non-current liabilities		(220,810)	(373,610)
Total liabilities		(9,313,467)	(9,306,589)
Net (liabilities)/assets		(186,535)	1,479,713
Shareholders funds			
Share capital	15	2	2
Other reserves		23,373	23,373
Retained earnings		(209,910)	1,456,338
Total (deficit)/equity		(186,535)	1,479,713

These financial statements were approved by the board of directors on 24 June 2013 and signed on its behalf by:


G M McGinn
Director

Company registration number: NI 028331

The notes on pages 12 to 26 form part of these financial statements.

Aberco Limited

Statement of changes in equity *Year ended 31 December 2012*

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 January 2012	2	23,373	1,456,338	1,479,713
Profit for the year	-	-	(1,666,248)	(1,666,248)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	2	23,373	(209,910)	(186,535)
	<hr/>	<hr/>	<hr/>	<hr/>
	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 January 2011	2	23,373	1,079,566	1,102,941
Profit for the year	-	-	376,772	376,772
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	2	23,373	1,456,338	1,479,713
	<hr/>	<hr/>	<hr/>	<hr/>

Aberco Limited

Statement of cash flows Year ended 31 December 2012

	Notes	2012 £	2011 £
<i>Cash flows from operating activities</i>			
(Loss)/profit before tax		(1,610,521)	548,907
<i>Adjustments for:</i>			
Depreciation	3	184,672	184,672
Net finance costs	4	(27,505)	(14,163)
Impairment charge	10	2,282,463	109,594
		<hr/>	<hr/>
		829,109	829,010
 (Decrease)/increase in trade and other payables	 13	 (48,850)	 52,728
		<hr/>	<hr/>
Net cash inflow from operating activities before interest and tax		780,259	881,738
 Interest received	 4	 68,529	 55,073
		<hr/>	<hr/>
Net cash from operating activities		848,788	936,811
		<hr/>	<hr/>
<i>Cash flows from investing activities</i>			
Net cash flows from investing activities		-	-
 <i>Cash flows from financing activities</i>			
Interest paid	4	(41,024)	(40,910)
		<hr/>	<hr/>
Net cash flows from financing activities		(41,024)	(40,910)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		807,764	895,901
Cash and cash equivalents at 1 January		4,090,157	3,194,256
		<hr/>	<hr/>
Cash and cash equivalents at 31 December	12	4,897,921	4,090,157
		<hr/>	<hr/>

Aberco Limited

Notes forming part of the financial statements

General information

Aberco Limited ("the company") is domiciled in the United Kingdom and its registered office is 4 Queen's Square, Belfast, BT1 3DJ. The company is committed to leasing its investment property, and also subletting another property, to the parent company AIB Group (UK) p.l.c..

1 Accounting policies

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards (collectively, 'IFRS') issued by the International Accounting Standards Board ('IASB') as endorsed by the European Union ('EU').

The global financial crisis, market instability and unprecedented levels of illiquidity have resulted in the company and parent group operating in a challenging environment. The principal risks that the company faces, which the directors have considered in the context of continuing as a going concern, are described below. The company meets day to day working capital arrangements through funding from the parent and ultimate parent company. The company had negative net assets of £186,535 at 31 December 2012 (2011: positive net assets £1,479,713). The parent company has given a letter of support to the company stating that it will financially support the company for a period of 12 months from the date these financial statements are signed. The directors, having regard for the parent's formal commitment to support the funding needs of the company, are satisfied that it continues to be appropriate to prepare the financial statements of the company on a going concern basis. The financial statements have been prepared on a going concern basis, as the directors are satisfied that the company has access to adequate resources to enable the company to continue in business for the foreseeable future.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates.

Some estimation techniques involve significant amounts of management valuation judgements, often in areas that are inherently uncertain.

Adoption of new accounting standards

The following amendments to standards were adopted during the year ended 31 December 2012 but did not have any impact on the accounting policies, financial positioning or performance of the company:

- Amendments to IFRS 7, Disclosures – transfer of financial assets;
- Amendments to IAS 12, Deferred tax – recovery of underlying assets.

Aberco Limited

Notes forming part of the financial statements (*continued*)

1 Accounting policies (*continued*)

Income tax, including deferred income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the statement of financial position liability method, on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates based on legislation enacted or substantially enacted at the statement of financial position date and expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences will be utilised.

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

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which the profits arise. The tax effects of income tax 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.

Impairment

The carrying of the company's assets, other than deferred tax assets are revised at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and the asset is written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and provisions for impairment, if any. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the asset. Leasehold improvements relating to leasehold properties with less than 50 years unexpired are written off by equal instalments over the remaining term of the leases.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is valued using the cost model. No depreciation is provided on freehold land. All freehold properties are depreciated over their estimated useful life, subject to a maximum period of 50 years. The costs of adapting buildings to their use for the company are depreciated on a straight line basis over their estimated useful lives subject to a maximum life of 15 years. Depreciation is calculated based on the gross carrying amount, less the estimated residual value at the end of its economic life.

Aberco Limited

Notes forming part of the financial statements (*continued*)

1 Accounting policies (*continued*)

Operating leases

i) Lessor

Assets leased to the parent are classified as operating leases if the lease agreements do not transfer substantially all the risks and rewards of ownership. The leased assets are included within investment property on the company's statement of financial position and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

ii) Lessee

Operating lease rentals payable are recognised as an expense in the income statement on a straight line basis over the lease term unless another systematic basis is more appropriate.

Share capital

Issued financial instruments, or their components, are classified as equity where there is no contractual obligation to transfer cash or other financial assets to the holder. They confer on the holder a residual interest in the assets of the company.

Other reserves

Other reserves relate to the revaluation reserve held under previous GAAP in respect of the investment property held at the date of transition.

The company has retained the revaluation under previous GAAP at 1 January 2004 as deemed cost, rather than either reverting to historical cost or carrying out a valuation at the date of transition as permitted by IFRS 1.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Functional currency

The financial statements are presented in sterling, which is the functional currency of the company.

Prospective accounting changes

The following new accounting standards and amendments to existing standards approved by the IASB in 2011 and 2012, but not early adopted by the group, will impact the company's financial reporting in future periods.

The following will be applied in 2013 and 2014:

Amendments to IAS 1 – Presentation of Items in Other Comprehensive Income

The amendments to IAS 1 were issued in June 2011 and are applicable to annual periods beginning on or after 1 July 2012. These amendments require companies preparing financial statements in accordance with IFRSs to group together items within Other Comprehensive Income that may be reclassified to the profit or loss section of the income statement.

Aberco Limited

Notes forming part of the financial statements (*continued*)

1 Accounting policies (*continued*)

Prospective accounting changes (continued)

(i) Consolidation Standards

In May 2011, the IASB published a set of five standards dealing with consolidation, joint ventures and their related disclosures. Each of the five standards is effective for annual periods beginning on or after 1 January 2013, with retrospective application required.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. This new standard will not change consolidation procedures for the company or group, but will require management to assess whether an entity should be consolidated.

IFRS 11 Joint Arrangements

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures, by focusing on the rights and obligations of the arrangement, rather than its legal form. The impact on the company will be dependent on the formation of new joint arrangements by the company.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 'Consolidated financial statements' and IFRS 11 'Joint arrangements'; it also replaces the disclosure requirements currently found in IAS 28 'Investments in Associates'.

IAS 27 Separate Financial Statements (revised 2011)

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other sections of IAS 27 are replaced by IFRS 10. IAS 27 is renamed 'Separate financial statements' and is now a standard dealing solely with separate financial statements.

IAS 28 Investments in Associates and Joint Ventures (revised 2011)

This standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 (revised 2011) does not include any disclosure requirements; these are included in IFRS 12 Disclosure of Interests in Other Entities.

(ii) IFRS 13 Fair Value Measurement

This standard, which applies prospectively for annual periods beginning on or after 1 January 2013, establishes a single source of guidance for fair value measurements under IFRSs. IFRS 13 requires entities to disclose information about the valuation techniques and inputs used to measure fair value, as well as information about the uncertainty inherent in fair value measurements. This information will be required for both financial and non-financial assets and liabilities. The impact of the standard may result in additional disclosures but is not expected to have a financial impact for the company.

(iii) IAS 19 Employee Benefits

Amendments to IAS 19 Employee Benefits were published by the IASB in June 2011 and are effective for annual periods beginning on or after 1 January 2013 with retrospective application required. These amendments result in changes to accounting for defined benefit pension plans. There are also a number of other changes, including modification to the timing of recognition for termination benefits, the

Aberco Limited

Notes forming part of the financial statements (*continued*)

1 Accounting policies (*continued*)

Prospective accounting changes (continued)

classification of short-term employee benefits and disclosures of defined benefit plans. As the company has no employees the amendments under IAS 19 there will be no impact from the changes to IAS 19 on the company's financial statements.

(iv) Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32, and Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7.

In December 2011, the IASB issued amendments to IAS 32 and IFRS 7 which clarify the accounting requirements for offsetting financial instruments and introduce new disclosure requirements that aim to improve the comparability of financial statements prepared in accordance with IFRS and US GAAP.

The amendments to IFRS 7 will require more extensive disclosures than are currently required. The amended offsetting disclosures are to be retrospectively applied, with an effective date of annual periods beginning on or after 1 January 2013.

The amendments to IAS 32 clarify that the right of set-off must be currently available and legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The IAS 32 changes are effective for annual periods beginning on or after 1 January 2014 and apply retrospectively.

The following will be applied in 2015:

IFRS 9 – Financial instruments.

In 2009, the IASB commenced the implementation of its project plan for the replacement of IAS 39. This consists of three main phases covering classification and measurement, impairment methodology and hedge accounting.

The effective date for implementation of Phase 1 of IFRS 9: Financial Instruments Classification and Measurement is annual periods beginning on or after 1 January 2015. The new standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The guidance on financial liabilities is largely unchanged.

Phase 2 of the IFRS 9 project, Impairment Methodology is subject to ongoing deliberations and has not yet been finalised. Phase 3, Hedge Accounting is in draft but is expected to be adopted from 1 January 2015. The exposure draft aims to align hedge accounting with risk management activities. It is proposed that the financial statements will reflect the effect of an entity's risk management activities that uses financial instruments to manage exposures arising from particular risks that could affect profit or loss. This aims to convey the context of hedge instruments to allow insight into their purpose and effect.

Since significant aspects of the standard have yet to be finalised, it is impracticable for the company to quantify the impact of IFRS 9 at this stage.

Aberco Limited

Notes forming part of the financial statements (*continued*)

2 Revenue

Revenue represents rental income receivable during the year. Rental income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

3 Operating expenses

	2012 £	2011 £
Direct operating expenses from investment property	385,627	376,377
Direct operating expenses from other property	162,500	162,500
Depreciation on investment property	176,696	176,696
Depreciation on other property	7,976	7,976
Insurance	2,800	2,800
Professional fees	2,400	2,500
	<hr/>	<hr/>
	737,999	728,849
	<hr/>	<hr/>

4 Net finance income

	2012 £	2011 £
Interest receivable from group companies	68,529	55,073
Interest payable to group companies	(41,024)	(40,910)
	<hr/>	<hr/>
	27,505	14,163
	<hr/>	<hr/>

5 Profit before tax

	2012 £	2011 £
Included within the profit before tax are the following:		
Depreciation charge for the year	184,672	184,672
Operating lease rental income - investment property	(828,924)	(828,924)
- other property	(167,885)	(167,885)
	<hr/>	<hr/>

The auditor's remuneration of £2,430 (2011: £2,430) for the financial statement audit is borne by the immediate parent company.

6 Directors' emoluments and employee information

The company had no employees during the year other than the executive directors, whose emoluments were £nil for the year (2011: £nil). The directors of the company are employed and remunerated as employees of AIB Group (UK) p.l.c., a fellow subsidiary of Allied Irish Banks, p.l.c. and no charge is made to the company for their services. The directors consider that the amount of time spent in their capacity as directors of Aberco Limited is not significant.

Aberco Limited

Notes forming part of the financial statements (*continued*)

7 Taxation

<i>Recognised in the income statement</i>	2012 £	2011 £
<i>Current tax</i>		
UK Corporation tax on profits for the year	208,651	217,720
Prior year adjustment	(124)	-
	<hr/>	<hr/>
	208,527	217,720
<i>Deferred tax (note 8)</i>		
Origination and reversal of temporary differences	(131,702)	(16,119)
Impact of change in tax rates	(21,098)	(29,466)
	<hr/>	<hr/>
	(152,800)	(45,585)
	<hr/>	<hr/>
Total tax in income statement	55,727	172,135
	<hr/>	<hr/>

Effective tax rate

The tax for the year is higher (2011: higher) than the standard average rate of corporation tax in the UK 24.5% (2011: 26.5%). The differences are explained below:

	2012 £	2011 £
(Loss)/profit before tax	(1,610,521)	548,907
	<hr/>	<hr/>
Corporation tax in the UK of 24.5% (2011: 26.5%)	(394,578)	145,460
Effects of:		
Expenses not deductible for tax purposes	472,227	61,026
UK transfer pricing adjustment	(700)	(1,098)
Adjustment in respect of prior periods	(124)	(3,787)
Difference between current tax rate (24.5%) and deferred tax rate (25%) on timing difference	(21,098)	(29,466)
	<hr/>	<hr/>
	55,727	172,135
	<hr/>	<hr/>

Aberco Limited

Notes forming part of the financial statements (*continued*)

8 Deferred tax

	2012 £	2011 £
At 1 January	373,610	419,195
Credited to the income statement for the year	(152,800)	(45,585)
	<hr/>	<hr/>
At 31 December	220,810	373,610
	<hr/>	<hr/>
Deferred tax liability	220,810	373,610
	<hr/>	<hr/>

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2011: 25%). The 2011 rate reflected the reduction in corporation tax from 26% to 25% enacted in July 2011 and effective from 1 April 2012. The Finance Act 2012 enacted in July 2012 reduced the rate of UK corporation tax to 24% effective from 1 April 2012 and to 23% from 1 April 2013. Accordingly, as the 23% rate was enacted at the balance sheet date, this rate has been applied in the measurement of AIB UK Group's deferred tax balances as at 31 December 2012.

In addition, in the 2013 Budget the Government announced its intention to further reduce the UK Corporation tax rate to 21% from April 2014 and to 20% from April 2015. The effect of this reduction from 23% will be to further reduce the deferred tax balances in future periods. If the 3% proposed reduction in the corporation tax rate was applied to the deferred tax balance of £220,810 as at December 2012, the impact would be to reduce the deferred tax balance by £28,801.

Deferred tax liabilities have been recognised in respect of all temporary differences giving rise to deferred tax liabilities because it is probable that these liabilities will be settled. The movements in deferred tax liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the year are shown below.

The balance of deferred tax comprises:

	Accelerated capital allowances £	Deferred tax on other reserve £	Total £
At 1 January 2012	364,520	9,090	373,610
Credited to income statement for the year	(152,800)	-	(152,800)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	211,720	9,090	220,810
	<hr/>	<hr/>	<hr/>

Aberco Limited

Notes forming part of the financial statements (*continued*)

8 Deferred tax (*continued*)

	Accelerated capital allowances £	Deferred tax on revaluation reserve £	Total £
At 1 January 2011	410,105	9,090	419,195
Deferred tax through other comprehensive income	-	-	-
Credited to income statement for the year	(45,585)	-	(45,585)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	364,520	9,090	373,610
	<hr/>	<hr/>	<hr/>

9 Property and equipment

	2012 Leasehold improvements under 50 years £	2012 Total £	2011 Leasehold improvements under 50 years £	2011 Total £
<i>Cost</i>				
At 1 January and 31 December	674,098	674,098	674,098	674,098
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January	617,535	617,535	609,559	609,559
Charge for the year	7,976	7,976	7,976	7,976
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	625,511	625,511	617,535	617,535
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December	48,587	48,587	56,563	56,563
	<hr/>	<hr/>	<hr/>	<hr/>

Aberco Limited

Notes forming part of the financial statements (*continued*)

10 Investment property

	2012	2011
<i>Cost</i>	£	£
At 1 January	9,877,502	9,877,502
Disposal ⁽¹⁾	(384,063)	-
	<hr/>	<hr/>
At 31 December	9,493,439	9,877,502
 <i>Depreciation and impairment</i>		
At 1 January	3,265,004	2,978,714
Depreciation charge for year	176,696	176,696
Disposal ⁽¹⁾	(384,063)	-
Impairment charge	2,282,463	109,594
	<hr/>	<hr/>
At 31 December	5,340,100	3,265,004
	<hr/>	<hr/>
 <i>Net book value</i>		
At 31 December	4,153,339	6,612,498
	<hr/>	<hr/>

⁽¹⁾ Disposals relate to fully depreciated assets that have been written off as no longer in use.

Investment property comprises a commercial property that is leased to the parent company.

The investment property was reviewed for impairment at 31 December 2012 and 2011 by comparing the recoverable amount, being the higher of fair value less cost to sell and value in use, with the carrying value of the property.

The investment property was valued at £3,750,000 in January 2013, on a market (fair) value basis, by BTW Shiells, a firm of independent Chartered Surveyors. The value in use was determined to be £4,153,339 at 31 December 2012.

The carrying value exceeded the recoverable amount, on a value in use basis, by £2,282,463. An amount of £2,282,463 was charged to the income statement as impairment.

11 Trade and other receivables

	2012	2011
	£	£
Prepayments and accrued income	27,085	27,084
Amounts receivable from parent company	4,897,921	4,090,157
	<hr/>	<hr/>
	4,925,006	4,117,241
	<hr/>	<hr/>

Aberco Limited

Notes forming part of the financial statements (*continued*)

12 Cash and cash equivalents

Cash and cash equivalents consist of bank balances with the parent company. For the purposes of the cash flow statement, cash and cash equivalents comprises the following amounts, which are included within trade and other receivables in the statement of financial position (note 11):

	2012 £	2011 £
Amounts receivable from parent company	4,897,921	4,090,157
Cash and cash equivalents	4,897,921	4,090,157

13 Trade and other payables

	2012 £	2011 £
Accruals and deferred income	52,400	52,500
Other taxation and social security	34,215	34,215
Trade payables	-	48,750
Amounts owed to group companies	8,185,411	8,185,411
	8,272,026	8,320,876

14 Current taxation

	2012 £	2011 £
Corporation tax/group relief to be settled	820,631	612,103

15 Share Capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

Aberco Limited

Notes forming part of the financial statements (*continued*)

16 Operating leases

a) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2012 £	2011 £
Less than one year	162,500	162,500
Between one and five years	650,000	650,000
More than five years	1,652,083	1,814,583
	<hr/>	<hr/>
	2,464,583	2,627,083
	<hr/>	<hr/>

The company leases one property under an operating lease from a third party. The lease runs for a period of 35 years and is due to expire 28 February 2028. Lease payments are reviewed every five years to reflect market rentals and were increased during 2010.

b) Leases as lessor

i) The company leases out its investment property held, under operating leases to the parent company. The future minimum lease payments under non-cancellable leases are as follows:

	2012 £	2011 £
Less than one year	828,924	828,924
Between one and five years	1,312,463	2,141,387
	<hr/>	<hr/>
	2,141,387	2,970,311
	<hr/>	<hr/>

During the year ended 31 December 2012 £828,924 was recognised as rental income from investment property in the income statement (2011: £828,924).

The lease expired on 31 July 2009 but was replaced by a fifteen year lease commencing on 1 August 2009, which is cancellable after five years.

ii) The company leases a property under an operating lease and sublets it to the parent company. The future minimum lease payments under this non-cancellable lease are as follows:

	2012 £	2011 £
Less than one year	167,886	167,886
Between one and five years	671,544	671,544
More than five years	1,706,841	1,874,727
	<hr/>	<hr/>
	2,546,271	2,714,157
	<hr/>	<hr/>

Aberco Limited

Notes forming part of the financial statements (*continued*)

16 Operating leases (*continued*)

During the year ended 31 December 2012 £167,886 was recognised as rental income from sublet property in the income statements (2011: £167,886).

17 Related party transactions

Transaction, arrangements and agreements involving directors and others

Key management personnel are those persons considered having the authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. Management consider that the only key management personnel are the directors.

All costs/emoluments of directors are paid by the parent undertaking directly and are not recharged to the company. As a result, the company have not been required to disclose compensation paid to key management personnel.

Parent and fellow subsidiaries

The table below provides the balances that the company has with its parent and fellow subsidiaries and the transactions included in the statement of financial position and the income statement:

	2012		2011	
	Parent	Fellow subsidiaries	Parent	Fellow subsidiaries
	£	£	£	£
Statement of financial position				
Amounts due from group companies	4,897,921	-	4,090,157	-
Amounts payable to fellow subsidiaries	-	(8,185,411)	-	(8,185,411)
Income statement				
Revenue	1,382,436	-	1,373,187	-
Finance income	68,529	-	55,073	-
Finance expenses	-	(41,024)	-	(40,910)

Rental transactions that the company enters into with the immediate parent company are made in the ordinary course of business at normal commercial terms. Amounts due to and from group companies attract interest rates applicable to group funding which do not reflect normal commercial terms.

18 Commitments

There were no outstanding capital commitments at 31 December 2012 or 31 December 2011.

Aberco Limited

Notes forming part of the financial statements (*continued*)

19 Financial Instruments

i) Credit risk

The fair value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the report date was:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Assets				
Trade and other receivables	4,925,006	4,925,006	4,117,241	4,117,241

Based on historic default rates, no impairment is necessary in respect of trade receivables.

ii) Liquidity risk

The following are the contractual maturities of financial liabilities:

	2012		2011	
	Repayable on demand	Total	Repayable on demand	Total
	£	£	£	£
Trade and other payables	8,272,026	8,272,026	8,320,876	8,320,876

It is not expected that the cash flows included within the maturity analysis could occur at significantly different amounts.

iii) Market risk

Market risk is the risk that changes in the level of interest rates and the movement in exchange rates between currencies will have an adverse financial impact on the company's cash flows. These are discussed in turn below:

Currency risk

The company's activities are based entirely in United Kingdom and transactions are entirely in sterling, therefore there is no currency risk for the company.

Interest rate risk

Profile

The company's interest bearing financial assets and liabilities are at variable rates of interest therefore the company has assets or liabilities that are sensitive to movements in interest rates.

Sensitivity analysis for variable rate instruments

The company has a call account which is charged interest each month at the Bank of England base rate of 0.5%. A movement of 10 basis points to 0.6% would result in an increase in interest paid by Aberco Limited of £8,205 over a period of 12 months.

Aberco Limited

Notes forming part of the financial statements (*continued*)

19 Financial Instruments (*continued*)

Sensitivity analysis for variable rate instruments(continued)

The company also receives interest each month based on the Bank of England base rate plus 100 basis points (currently 1.5%). A movement of 10 basis points to 1.6% would result in an increase in the interest received by Aberco limited of £4,569 over a period of 12 months.

Management does not anticipate a decrease in the Bank of England base rate in the foreseeable future.

iv) Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Assets				
Trade and other receivables	4,925,006	4,925,006	4,117,241	4,117,241
Liabilities				
Trade and other payables	(8,272,026)	(8,272,026)	(8,320,876)	(8,320,876)

Trade and other receivables

All bank balances with the parent company are classed as loans and receivables and their carrying value is equivalent to their fair value.

Trade and other payables

Trade and other payables are repayable on demand and therefore the carrying value is equivalent to the fair value.

20 Ultimate controlling party

The ultimate controlling party and parent undertaking is Allied Irish Banks, p.l.c., a company registered in the Republic of Ireland. The financial statements of this company are consolidated in the financial statements of AIB Group (UK) p.l.c. and in the financial statements of Allied Irish Banks, p.l.c.. The financial statements of AIB Group (UK) p.l.c. are available from the Registrar of Companies, Crown Way, Cardiff. The financial statements of Allied Irish Banks p.l.c. are available from Allied Irish Banks, p.l.c., Bankcentre, Dublin 4.