

ABERCO LIMITED

DIRECTORS' REPORT AND ANNUAL FINANCIAL STATEMENTS For the year ended 31 December 2016

Registered in Northern Ireland: NI028331



CONTENTS

Directors and Other Information.....	2
Directors' Report.....	3
Strategic Report.....	5
Directors' Responsibility Statement.....	6
Independent Auditors' Report.....	7
Income Statement.....	9
Statement of Comprehensive Income.....	9
Statement of Financial Position.....	10
Statement of Cash Flows.....	11
Statement of Changes in Shareholders' Equity.....	12
Notes to the Financial Statements.....	13

DIRECTORS AND OTHER INFORMATION**DIRECTORS**

P D Moore
P J Gribbon

REGISTERED OFFICE

First Trust Centre
92 Ann Street
Belfast
BT1 3HH
Northern Ireland

REGISTERED NUMBER

NI028331

SECRETARY

I Hamilton

REGISTERED AUDITOR

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

BANKERS

First Trust Bank
92 Ann Street
Belfast
BT1 3HH

DIRECTORS' REPORT

The Directors present herewith their audited financial statements for the year ended 31 December 2016. A Directors' Responsibility Statement in relation to the financial statements appears on page 6.

Aberco Limited ("the Company") has chosen, in accordance with Section 414C(11) of the Companies Act 2006, and as noted in this Director's Report, to include certain matters, such as capital management, principle risks and uncertainties, a review of future developments and subsequent events after the balance sheet date in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. The Strategic Report can be found on page 5 of the Annual Report and Financial Statements.

GOING CONCERN

The financial statements for the year ended 31 December 2016 have been prepared on a going concern basis as the Directors are satisfied, having considered the risks and uncertainties impacting the Company, that it has the ability to continue in business for the period of assessment. The period of assessment used by the Directors is twelve months from the date of approval of these annual financial statements.

In making their assessment, the Directors have considered a wide range of information relating to present and future conditions of the company, including the availability of sufficient resources. The Company is dependent on AIB Group (UK) p.l.c. ("the Parent Group") for capital and funding, if required, and is therefore dependent on the going concern of the Parent Group. The Parent Group financial statements for the year ended 31 December 2016 were prepared on a going concern basis.

Conclusion

On the basis of the assessment made, the Directors are satisfied that it continues to be appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

DIRECTORS

The Directors of the Company at 31 December 2016 were:

P D Moore
P J Gribbon

SECRETARY

The Secretary of the Company at 31 December 2016 was:

M Emerson

M Emerson resigned as Secretary of the Company on the 31 January 2017, and I Hamilton was appointed Secretary of the Company on the same date.

None of the Directors who held office at the end of the financial year had any disclosable interests, as defined in the United Kingdom Companies Act 2006, in the shares of the Company or any other Group undertakings.

DIRECTORS' LOANS

None of the Directors received any loans from the Company (2015: Nil).

DIRECTORS' INDEMNITIES

The Company has not made qualifying third party indemnity provisions for the benefit of its Directors.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 386 of the Companies Act, 2006 with regard to accounting records by allocating personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at AIB, Bankcentre, Ballsbridge, Dublin 4. The Company Officers have made sufficient arrangements to ensure compliance with Section 388 of the Companies Act 2006.

DIRECTORS' REPORT (continued)**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a Director at the date of approval of this annual report confirms that:

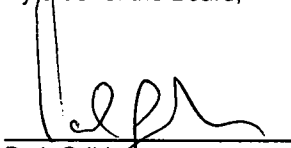
- So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITOR

Deloitte, Chartered Accountants & Statutory Audit firm have expressed their willingness to continue in office under Section 487 of the Companies Act 2006.

By order of the Board,


P. J. Gribbon
Director

Date: 20 September 2017

STRATEGIC REPORT**PRINCIPAL ACTIVITIES**

The principal activity of Aberco Limited ("the Company") is that of a property holdings 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..

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 Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

BUSINESS REVIEW

The results for the year are set out in the attached financial statements. The profit for the year, after taxation, amounted to £709,909 (2015: £698,311). The profit for 2016 includes rental income and property operating expenses, no major change from 2015. Depreciation on investment property for 2016 £1,127 (2015: £7,338). The profit for 2015 included £6,312 adjustment to impairment of investment property. No dividends were paid or declared during the year (2015: Nil).

STRATEGY AND OUTLOOK

The Directors consider the present level of activity to be satisfactory and expect that the level of the Company's activities will continue in the future.

PRINCIPAL RISKS AND UNCERTAINTIES

Information concerning the principal risks and uncertainties facing the Company as required under the terms of the European Accounts Modernisation Directive (2003/51/EEC), is set out in Note 18 to the financial statements.

CAPITAL MANAGEMENT

The Company is dependent on the immediate parent company, AIB UK Group, for its capital and funding.

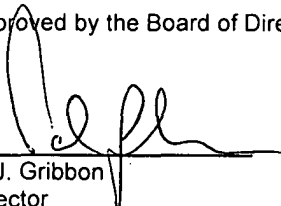
POLITICAL AND CHARITABLE DONATIONS

The Company made no political or charitable contributions during the year (2015: Nil).

EVENTS SINCE THE YEAR END

There have been no significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.

Approved by the Board of Directors and signed on its behalf by:


P. J. Gribbon
Director

Date: 20 September 2017

Company registration number: NI028331

DIRECTORS' RESPONSIBILITY STATEMENT

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

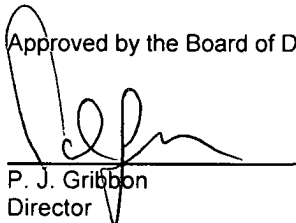
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ('EU') and applicable law.

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 their profit or loss for that period. In preparing each of the 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 they have been prepared in accordance with IFRSs as adopted by the EU; 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 its 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.

Approved by the Board of Directors and signed on its behalf by:



P. J. Gribbon
Director

Date: 20 September 2017

Company registration number: NI028331

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 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Shareholders' Equity and the related notes 1 to 24. 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.

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 annual report 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 31 December 2016 and of its profit 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Continued on next page/

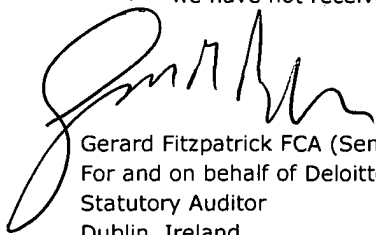
/Continued from previous page

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERCO LIMITED

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.



Gerard Fitzpatrick FCA (Senior Statutory Auditor)
For and on behalf of Deloitte
Statutory Auditor
Dublin, Ireland

Date: 26/9/2017

INCOME STATEMENT*for the year ended 31 December 2016*

	Note	2016 £	2015 £
Revenue	2	1,377,198	1,378,571
Operating expenses	3	(555,243)	(562,725)
Impairment of investment property	10	-	6,312
		821,955	822,158
Net finance income	4	61,797	41,707
Profit before taxation		883,752	863,865
Taxation	7	(173,843)	(165,554)
Profit for the year		709,909	698,311

The operating profit arises from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME*for the year ended 31 December 2016*

	2016 £	2015 £
Profit for the year	709,909	698,311
Other comprehensive income for the year	-	-
Total comprehensive profit for the year	709,909	698,311

See accompanying notes which form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

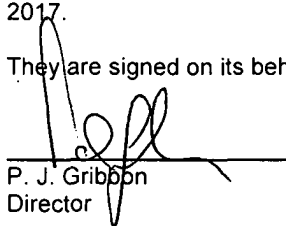
as at 31 December 2016

	Note	2016 £	2015 £
Assets			
Property, plant and equipment	9	16,685	24,661
Investment property	10	2,309,223	2,310,350
Amounts receivable from parent company	11	8,232,116	7,340,942
Total assets		10,558,024	9,675,953
Liabilities			
Trade and other payables	12	8,855,326	8,685,055
Current taxation	13	183,076	176,250
Deferred taxation	8	86,785	91,720
Total liabilities		9,125,187	8,953,025
Shareholders' equity			
Ordinary share capital	14	2	2
Other reserves		23,373	23,373
Revenue reserves		1,409,462	699,553
Total shareholders' equity		1,432,837	722,928
Total liabilities and shareholders' equity		10,558,024	9,675,953

See accompanying notes which form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2017.

They are signed on its behalf by:


P. J. Gribbon
Director

Date: 20 September 2017

Company registration number: NI028331

STATEMENT OF CASH FLOWS*for the year ended 31 December 2016*

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit before taxation		883,752	863,865
Allowance for impairment	10	-	(6,312)
Net finance costs	4	(61,797)	(41,707)
Depreciation	9 & 10	9,103	15,314
Change in trade and other payables	12	170,271	413,029
		1,001,329	1,244,189
Changes in operating assets and liabilities			
Change in amounts receivable from parent company		(891,174)	(907,027)
Net cash inflow from operating activities before interest and tax		110,155	337,162
Interest received	4	94,468	82,618
Net cash inflow from operating activities before taxation		204,623	419,780
Taxation paid		(171,952)	(378,869)
Net cash flows from operating activities		32,671	40,911
Net cash flow from investing activities		-	-
Interest paid	4	(32,671)	(40,910)
Net cash flows from financing activities		(32,671)	(40,910)
Change in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY*for the year ended 31 December 2016*

	Ordinary Share Capital	Revenue Reserves	Other Reserves	Total Shareholders' Equity
	£	£	£	£
At 1 January 2016	2	699,553	23,373	722,928
Total comprehensive income for the year	-	709,909	-	709,909
At 31 December 2016	2	1,409,462	23,373	1,432,837

	Ordinary Share Capital	Revenue Reserves	Other Reserves	Total Shareholders' Equity
	£	£	£	£
At 1 January 2015	2	1,242	23,373	24,617
Total comprehensive income for the year	-	698,311	-	698,311
At 31 December 2015	2	699,553	23,373	722,928

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The accounting policies that the Company applied in the preparation of the financial statements for the year ended 31 December 2016 are set out below.

1.1 REPORTING ENTITY

Aberco Limited ("the Company") is domiciled in Northern Ireland and its registered office is 92 Ann Street, Belfast, BT1 3HH.

1.2 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively "IFRSs") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Standards as adopted by the European Union ("EU") and applicable for the year ended 31 December 2016. The financial statements also comply with the Companies Act 2006. The accounting policies have been consistently applied by the Company and are consistent with the previous year, unless otherwise described.

1.3 BASIS OF PREPARATION

Functional and presentation currency

The financial statements are presented in Sterling, which is the functional currency of the Company.

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. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Basis of Measurement

The financial statements have been prepared under the historical cost basis.

Going Concern

The financial statements for the year ended 31 December 2016 have been prepared on a going concern basis as the Directors are satisfied, having considered the risks and uncertainties impacting the Company, that it has the ability to continue in business for the period of assessment. The period of assessment used by the Directors is twelve months from the date of approval of these annual financial statements.

In making their assessment, the Directors have considered a wide range of information relating to present and future conditions of the company, including the availability of sufficient resources. The Company is dependent on AIB Group (UK) p.l.c. ("the Parent Group") for capital and funding, if required, and is therefore dependent on the going concern of the Parent Group. The Parent Group financial statements for the year ended 31 December 2016 were prepared on a going concern basis.

Conclusion

On the basis of the assessment made, the Directors are satisfied that it continues to be appropriate to prepare the financial statements on a going concern basis, having concluded that there are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

Adoption of new accounting standards

During the financial year to 31 December 2016, the Company adopted amendments to standards and interpretations which had an insignificant impact on these annual financial statements.

1.4 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits (excluding regulatory balances with the Bank of England) and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value and with a maturity of less than three months from the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. ACCOUNTING POLICIES (continued)****1.5 FOREIGN CURRENCIES TRANSLATION**

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at period end exchange rates of the amortised cost of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss are reported as part of the fair value gain or loss.

1.6 INCOME TAX, INCLUDING DEFERRED INCOME TAX

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Income tax relating to items in equity is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the financial statement liability method, on temporary differences 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 substantively enacted at the reporting date and expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred income tax assets are recognised when it is probable that future taxable profits will be available against which the temporary differences will be utilised. The deferred tax asset is reviewed at the end of each reporting period and the carrying amount is reduced to the extent that sufficient taxable profits will be available to allow all of the asset to be recovered.

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.

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 the current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and financial liabilities including derivative contracts, provisions for pensions and other post-retirement benefits, and in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

1.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, or deemed 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. No depreciation is provided on freehold land. Property, plant and equipment are depreciated on a straight line basis over their estimated useful economic lives. Depreciation is calculated based on the gross carrying amount, less the estimated residual value at the end of the assets' economic lives.

The Company uses the following useful lives when calculating depreciation:

Freehold buildings and long-leasehold property	50 years
Short leasehold property	life of lease, up to 50 years
Costs of adaptation of freehold and leasehold property	
Branch properties	up to 10 years ⁽¹⁾
Office properties	up to 15 years ⁽¹⁾
Computers and similar equipment	3 - 7 years
Fixtures and fittings and other equipment	5 - 10 years

⁽¹⁾Subject to the maximum remaining life of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. ACCOUNTING POLICIES (continued)****1.8 AMOUNTS RECEIVABLE FROM PARENT COMPANY**

Amounts receivable from parent company are classified as loans and receivables. Loans and receivables are non – derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not quoted as available for sale. Loans and receivables are initially recognised at fair value adjusted for direct and incremental transaction costs and are subsequently carried on an amortised cost basis. The Company assesses at each reporting date whether there is objective evidence that the asset is impaired.

1.9 TRADE AND OTHER PAYABLES

Trade and other payables are contractual arrangements, resulting in the Company having a present obligation to either deliver cash or another financial asset to the holder. Trade and other payables are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost.

1.10 SHARE CAPITAL

Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Company.

On extinguishment of equity instruments, gains or losses arising are recognised net of tax directly in the statement of changes in equity.

Share capital

Share capital represents funds raised by issuing shares in return for cash or other consideration. Share capital comprises ordinary shares of the entity.

Revenue reserves

Revenue reserves represent retained earnings of the Company.

1.11 FINANCIAL LIABILITIES

Issued financial instruments and their components are classified as liabilities where the substance of the contractual arrangement results in the Bank having a present obligation to either deliver cash or another financial asset to the holder or to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares.

Financial liabilities are initially recognised at fair value, being the issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost with any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement using the effective interest rate method.

1.12 NON-CREDIT RISK PROVISIONS

Provisions are recognised for present legal or constructive obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.13 IMPAIRMENT

The carrying values of the Company's assets are revised at each statement of financial position date to determine whether there is any indication of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset. Objective evidence that an investment in an equity security is impaired includes a significant or prolonged decline in its fair value below cost.

If any such indication exists, the cumulative net loss that had been previously recognised in other comprehensive income is recognised in the income statement as a reclassification adjustment. Reversals of impairment of equity securities are not recognised in the income statement and increases in the fair value of equity securities after impairment are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. ACCOUNTING POLICIES (continued)****1.14 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, being cost less accumulated depreciation and provisions for impairment. 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.

1.15 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.

1.16 OPERATING LEASES

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received and premiums paid at inception of the lease are recognised as an integral part of the total lease expense over the term of the lease.

1.17 PROSPECTIVE ACCOUNTING CHANGES

The Directors have considered all IFRSs and interpretations that have been approved by the IASB, but which are not yet effective and is currently considering the impacts of these new standards and amendments.

IFRS 16 Leases

IFRS 16 Leases, which was issued in January 2016, replaces IAS 17 Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained.

These amendments will impact the Company as it has leased as lessee a property which is currently classified as an operating lease. The Company is currently assessing the impact of IFRS 16, however, it is not yet practicable to quantify its effects.

This standard is subject to EU endorsement.

Effective date: Annual periods beginning on or after 1 January 2019

Apart from the potential impact from IFRS 16, as outlined above, the Directors confirm that they do not believe that the other prospective accounting changes will have a significant impact on how the results of operations and financial position are prepared and presented.

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.

	2016	2015
	£	£
<i>Rent and rates receivable</i>		
University Road	167,886	167,886
First Trust Centre	1,209,312	1,210,685
	1,377,198	1,378,571

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. OPERATING EXPENSES**

	2016	2015
	£	£
Direct operating expenses from investment property	380,390	381,761
Direct operating expenses from other property	162,500	162,500
Depreciation on investment property	1,127	7,338
Depreciation on other property	7,976	7,976
Insurance	3,250	3,150
	555,243	562,725

4. NET FINANCE INCOME

	2016	2015
	£	£
Interest receivable from group companies	94,468	82,618
Interest payable to group companies	(32,671)	(40,911)
	61,797	41,707

5. AUDITOR'S FEES

The Auditor's remuneration for the financial statement audit is borne by the ultimate parent company, Allied Irish Banks, p.l.c.. No fees were incurred by the external auditor for other assurance, advisory or taxation services during the current or previous year.

6. ADMINISTRATIVE EXPENSES*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 (2015 Nil). The Directors of the Company are employed and remunerated as employees of AIB Group (UK) 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.

7. TAXATION

	2016	2015
	£	£
Current taxation		
UK Corporation tax on profits for the period	178,448	176,297
Prior year adjustment	330	-
	178,778	176,297
Deferred taxation		
Origination and reversal of temporary timing differences	500	(496)
Prior year adjustment	-	-
Impact of change in tax rates	(5,435)	(10,247)
Total income tax expense	173,843	165,554

NOTES TO THE FINANCIAL STATEMENTS (continued)**7. TAXATION (continued)***Effective tax rate*

The tax for the period is lower (2015: lower) than the standard average rate of corporation tax in the UK 20.00% (2015: 20.25%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) before taxation	883,752	863,865
Corporation tax in the UK of 20% (2015: 20.25%)	176,750	174,933
Effects of:		
Expenses not deductible for tax purposes	-	-
UK transfer pricing adjustment	243	-
Prior year adjustments	830	-
Group relief	-	-
Other timing differences	1,125	868
Impact of change in deferred tax rate (17% v 18%)	(5,105)	(10,247)
	173,843	165,554

The corporation tax rate was 20.00% for the year ended 31 December 2016 (2015: 20.25%).

8. DEFERRED TAX

	2016 £	2015 £
At 1 January	91,720	102,463
Other timing adjustments	-	-
Credited to the income statement for the year	(4,935)	(10,743)
At 31 December	86,785	91,720
Deferred tax liability	86,785	91,720

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2015: 18%). The Finance (No.2) Act 2015 enacted in November 2015 reduced the rate of UK corporation tax to 19% effective from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 further reduced the rate effective from 1 April 2020 from 18% to 17%. Accordingly, as the 17% rate was enacted at the balance sheet date, this rate has been applied in the measurement of deferred tax balances as at 31 December 2016.

Deferred tax assets relating to unutilised tax losses and deductible temporary differences are recognised if it is probable that these assets can be recovered through offset against future taxable profits or other temporary differences.

NOTES TO THE FINANCIAL STATEMENTS (continued)**8. DEFERRED TAX (continued)**

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below.

The balance of deferred tax comprises:

2016	Accelerated Capital Allowances £	Deferred tax on other Reserve £	Total £
At 1 January	82,630	9,090	91,720
Credited to the income statement for the year	(4,935)	-	(4,935)
At 31 December	77,695	9,090	86,785

2015	Accelerated Capital Allowances £	Deferred tax on other Reserve £	Total £
At 1 January	93,373	9,090	102,463
Credited to the income statement for the year	(10,743)	-	(10,743)
At 31 December	82,630	9,090	91,720

9. PROPERTY, PLANT AND EQUIPMENT

	2016		2015	
	Leasehold property £	Total £	Leasehold property £	Total £
<i>Cost</i>				
Balance at beginning of year	674,098	674,098	674,098	674,098
Balance at end of year	674,098	674,098	674,098	674,098
<i>Depreciation</i>				
Balance at beginning of year	649,437	649,437	641,461	641,461
Depreciation charge for the period	7,976	7,976	7,976	7,976
Balance at end of year	657,413	657,413	649,437	649,437
Net book value at end of year	16,685	16,685	24,661	24,661

NOTES TO THE FINANCIAL STATEMENTS (continued)**10. INVESTMENT PROPERTY**

	2016	2015
<i>Cost</i>	£	£
Balance at beginning of year	9,493,439	9,493,439
Profit/ (loss) on disposals	-	-
Balance at end of year	9,493,439	9,493,439
<i>Depreciation</i>		
Balance at beginning of year	7,183,089	7,182,063
Depreciation charge for the period	1,127	7,338
Impairment	-	-
Prior year adjustment	-	(6,312)
Disposals	-	-
Balance at end of year	7,184,216	7,183,089
Net book value at end of year	2,309,223	2,310,350

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

The investment property was reviewed for impairment at 31 December 2016 and 2015 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. No further impairment was noted for 2016.

The investment property was valued at £2,250,000 in January 2014, on a market (fair) value basis, by BTW Shields, a firm of independent Chartered Surveyors and impairment of the property was booked to the accounts accordingly in 2014 with a minor adjustment in 2015. The change in carrying value due to impairment caused a reduction in the depreciation charges for 2015 and 2016. Assuming no further changes in the carrying value of the property due to impairment, the depreciation charge is likely to remain constant at circa £1k per annum.

A valuation of the property was received from TDK Commercial Property Consultants, an independent firm, in May 2016. This gave a valuation of the property of £6.8m assuming vacant possession. No reversal of the accumulated impairment charge was made in 2016 and the valuation in the financial statements, under the cost model, remained at £2.3m as at 31 December 2016.

11. AMOUNTS RECEIVABLE FROM PARENT COMPANY

	2016	2015
	£	£
Amounts receivable from parent company	8,232,116	7,340,942
	8,232,116	7,340,942

12. TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Accruals and deferred income	52,400	52,400
Amounts due to fellow group companies	8,734,495	8,564,224
Other taxation	68,431	68,431
	8,855,326	8,685,055

NOTES TO THE FINANCIAL STATEMENTS (continued)**13. CURRENT TAXATION**

	2016 £	2015 £
Corporation tax/ group relief to be settled	183,076	176,250
	183,076	176,250

It is AIB policy that where a company uses tax losses from another AIB company to shelter its tax liability, then it will pay the surrendering company for the use of the losses at the corporation tax prevailing. The settlement will be paid either in cash or through the intercompany account. This balance represents amounts recoverable from other AIB group undertakings in relation to tax losses surrendered.

14. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Authorised 1,000,000 ordinary shares of £1.00	1,000,000	1,000,000
Issued 2 ordinary shares of £1.00	2	2

15. OPERATING LEASES**a) Leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

	2016 £	2015 £
Less than one year	162,500	162,500
Between one and five years	650,000	650,000
More than five years	1,002,083	1,164,583
	1,814,583	1,977,083

The Company leases one property (University Road Branch) under an operating lease from a third party (Varsity Estates Limited). The lease runs for a period of 35 years and is due to expire 28 February 2028.

b) Leases as lessor

i) The Company sublets its investment property (First Trust Centre) to the parent company, being AIB Group (UK) p.l.c.. The lease expired on 31 July 2009 but was replaced by a fifteen year lease commencing on 1 August 2009, with no break option. The future minimum lease payments under this non-cancellable lease are as follows:

	2016 £	2015 £
Less than one year	828,924	828,924
Between one and five years	3,315,696	3,315,696
More than five years	2,141,387	2,970,311
	6,286,007	7,114,931

During the year ended 31 December 2016, £828,924 was recognised as rental income from this sublet property in the income statements (2015: £828,924).

NOTES TO THE FINANCIAL STATEMENTS (continued)**15. OPERATING LEASES (continued)****c) Leases as lessor (continued)**

ii) This sub-lease agreement is on the University Road Branch and is for the same duration as the main lease between Aberco and Varsity Estates. The future minimum lease payments under this non-cancellable lease are as follows:

	2016 £	2015 £
Less than one year	167,886	167,886
Between one and five years	671,544	671,544
More than five years	1,035,297	1,203,183
	1,874,727	2,042,613

During the year ended 31 December 2016, £167,886 was recognised as rental income from sublet property in the income statements (2015: £167,886).

16. 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 and are not recharged to the Company. As a result, the Company have not been required to disclose compensation paid to key management personnel.

Fellow group companies

The table below provides the balances that the Company has with its fellow group companies and the transactions included in the income statement:

	2016 £	2015 £
Statement of Financial Position		
Amounts receivable from parent company	8,232,116	7,340,942
Amounts due to fellow group companies	8,734,495	8,564,224
Income Statement		
Revenue	1,377,198	1,378,571
Net finance income	61,797	41,707

Rental transactions that the Company enters into with fellow group companies 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.

17. COMMITMENTS

There were no outstanding capital commitments at 31 December 2016 (2015: Nil).

18. RISK MANAGEMENT

Risk taking is inherent in the provision of financial services and Aberco Limited, as part of the AIB Group, assumes a variety of risk in undertaking its business activities. Risk is defined as any event that could: damage the core earnings capacity of the Company, increase earnings or cash flow volatility; reduce capital; threaten business reputation or viability; and/or breach legal obligations. AIB Group has adopted an Enterprise Risk Management approach to identifying, assessing and managing risks.

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. RISK MANAGEMENT (continued)**

The key elements of the framework are:

Risk philosophy;
 Risk appetite;
 Risk governance and risk management organisation;
 Risk identification and assessment process;
 Risk strategy; and
 Stress and scenario testing.

Details of AIB Group's risk management framework are set out in the Annual Report of Allied Irish Banks, p.l.c..

Risk Management – Individual risk types

This section provides details of the exposure to, and risk management of, the following individual risk types which have been identified through the AIB Group risk assessment process and which are relevant to Aberco Limited:-

- 18.1 Credit risk
- 18.2 Liquidity risk
- 18.3 Operational risk
- 18.4 Interest rate risk

The 4 applicable risk types are discussed below.

18.1 Credit risk

Credit risk is defined as the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into and that pledged collateral does not fully cover the Company's claims. The table below sets out the maximum exposure to credit risk that arises within the Company. The table distinguishes between those assets that are carried in the statement of financial position at amortised cost and those carried at fair value. The most significant credit risks arise from loans and receivables to customers.

Amortised cost

2016	
Amounts receivable from parent company	8,232,116
2015	
Amounts receivable from parent company	7,340,942

Risk identification and assessment

Within AIB Group, credit risk is identified, assessed and measured through the use of credit rating for each customer or transaction. This assessment is carried out at the level of the individual customer or transaction. Special attention is paid to lower quality rated advances to help avoid default or, when in default, to minimise loss. AIB Group conducts periodic stress tests on its advances portfolio.

Risk management and mitigation

AIB Group has an established credit process with a framework of credit policy and delegated authorities, based on skill and experience, for the management and control of credit risk. Credit grading and monitoring systems accommodate the early identification and management of any deterioration in credit quality. The credit management system is underpinned by an independent system of credit review.

Company management approves the divisional credit policy within the parameters of relevant AIB Group level policies. The divisional risk management function is an integral part of the approval process of divisional policies. Material divisional policies are referred to the AIB Group Risk Management Committee (RMC) and/or to the Board, where relevant, for approval.

Credit risk mitigation

The most significant and widely used credit risk mitigation tool available to the Company is its own robust internal credit risk control framework.

Risk monitoring and reporting

Relevant credit risk information is reported in a timely manner to the appropriate level to enable informed management decision making.

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. RISK MANAGEMENT (continued)****18.1 Credit risk (continued)***Provisioning for impairment*

The identification of advances for assessment as impaired is driven by the AIB Group's rating systems. The Company provides for impairment in a prompt and consistent way across the credit portfolios. The rating models provide a systematic discipline in the identification of advances as impaired and in triggering a need for provisioning on a timely basis. Advances are identified as impaired if they exhibit, through lessor assessment, an inability to meet their obligations to the Company.

Within its provisioning methodology, the Company uses two types of provisions: a) specific; and b) incurred but not reported ("IBNR") – i.e. collective provisions for earning advances. Specific provisions arise when the recovery of a specific advance or group of advances is significantly in doubt.

The amount of the specific provision will reflect the financial position of the borrower and the net realisable value of any security held for the advances or group of advances. In practice, the specific provision is the difference between the present value of expected future cash flows for the impaired advances(s) and the carrying value. IBNR provisions are maintained to cover advances which are impaired at the balance sheet date, and while not specifically identified, are known from experience to be present in any portfolio of advances. IBNR impairment provisions can only be raised for incurred losses and are not allowed for losses that are expected to happen as a result of likely future events.

Whilst provisioning is an ongoing process, the Company formally reviews provision adequacy on a quarterly basis and determines the overall provision requirement. These provisions are, in turn, reviewed and approved on a quarterly basis at a Group level.

18.2 Liquidity risk

Liquidity risk is the exposure to loss from not having sufficient funds available at an economic price to meet actual and contingent commitments. The objective of liquidity management is to ensure that, at all times, the Company holds sufficient funds to meet its contracted and contingent commitments, at an economic price.

The Aberco Limited liquidity risk is managed as part of the overall AIB Group liquidity management. This includes the risk identification and assessment, risk management and mitigation, and risk monitoring and reporting processes.

The following table outlines the contractual maturities of financial liabilities:

	Repayable on demand £	Total £
2016		
Trade and other payables	8,855,326	8,855,326
2015		
Trade and other payables	8,685,055	8,685,055

18.3 Operational risk

Operational risk, which is inherent in all business activities, is the exposure to loss from inadequate or failed internal processes, people and systems, or from external events.

The management of operational risk is a line management responsibility. It is supported by specialist operational risk management ('ORM') functions within Allied Irish Banks, p.l.c. that assist and advise line management on specific operational risks. Examples include money laundering prevention, compliance, business continuity planning, information security and insurance.

An element of the Aberco Limited ORM programme is an operational risk self-assessment process. This process requires the Company to assess its operational risks and the effectiveness of the related controls to address these risks. It complements the risk-based audit approach applied by internal audit in its role as independent assessor of management's control and risk management processes.

Further details of AIB Group's Liquidity Risk and Operational Risk frameworks are set out in the Annual Report of Allied Irish Banks, p.l.c..

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. RISK MANAGEMENT (continued)****18.4 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. The base rate changed in August 2016 from 0.5% to 0.25%. An increase of 10 basis points in the base rate would result in an increase in interest paid by Aberco Limited of £8,182 over a period of 12 months.

The Company also receives interest each month, which was at a rate of 1.22% throughout 2016. An increase of 10 basis points to 1.32% would result in an increase in the interest received by Aberco Limited of £8,232 over a period of 12 months based on the closing balance at 31 Dec 2016.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The term 'financial instruments' includes both financial assets and financial liabilities. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date.

The valuation of financial instruments including loans and receivables involves the application of judgement and estimation. Market and credit risks are the key assumptions in the estimation of the fair value of loans and receivables. The volatility in financial markets and the illiquidity that is evident in these markets has reduced the demand for many financial instruments and this creates a difficulty in estimating the fair value for loans to customers.

The fair value of financial instruments has been deemed to be equivalent to the book value as the instruments are variable in nature and it is reasonable to assume that the book value is equivalent to the instrument's fair value.

Furthermore, the concept of fair value assumes realisation of financial instruments by way of a sale. However in many cases a sale is unlikely, and the assets and liabilities will be held to maturity. The following table gives details of the carrying amounts and fair values of financial instruments at 31 December 2016 and 31 December 2015.

Fair values are based on observable market prices where available and on valuation models or techniques where the lack of market liquidity means that observable prices are unavailable. The fair values are measured according to the following fair value hierarchy:

- Level 1** – assets and liabilities measured using quoted market prices from an active market (unadjusted).
- Level 2** – assets and liabilities measured using valuation techniques which use quoted market prices from an active market or are measured using quoted market prices unadjusted from an inactive market.
- Level 3** – assets and liabilities measured using valuation techniques which use unobservable market data.

There were no transfers between levels of the fair value hierarchy for the financial years ending 31 December 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table sets out the carrying amount and fair value of financial instruments across the three levels of the fair value hierarchy at 31 December 2016.

	2016						
	Carrying amount in statement of financial position			Fair Value hierarchy			
	At amortised cost		Total				
	Loans and receivables	Other		Level 1	Level 2	Level 3	Total
	£	£	£	£	£	£	£
<i>Financial assets not measured at fair value</i>							
Amounts receivable from parent company	8,232,116	-	8,232,116	-	-	8,232,116	8,232,116
Investment property	-	2,309,223	2,309,223	-	2,309,223	-	2,309,223
	8,232,116	2,309,223	10,541,339	-	2,309,223	8,232,116	10,541,339
<i>Financial liabilities not measured at fair value</i>							
Amounts due to fellow group companies	8,734,495	-	8,734,495	-	-	8,734,495	8,734,495
	8,734,495	-	8,734,495	-	-	8,734,495	8,734,495

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table sets out the carrying amount and fair value of financial instruments across the three levels of the fair value hierarchy at 31 December 2015.

	2015						
	Carrying amount in statement of financial position			Fair Value hierarchy			
	At amortised cost		Total				
	Loans and receivables	Other		Level 1	Level 2	Level 3	Total
	£	£	£	£	£	£	£
<i>Financial assets not measured at fair value</i>							
Amounts receivable from parent company	7,340,942	-	7,340,942	-	-	7,340,942	7,340,942
Investment property	-	2,310,350	2,310,350	-	2,310,350	-	2,310,350
	7,340,942	2,310,350	9,651,292	-	2,310,350	7,340,942	9,651,292
<i>Financial liabilities not measured at fair value</i>							
Amounts due to fellow group companies	8,564,224	-	8,564,224	-	-	8,564,224	8,564,224
	8,564,224	-	8,564,224	-	-	8,564,224	8,564,224

NOTES TO THE FINANCIAL STATEMENTS (continued)**19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****Reconciliation of balances in level 3 of the fair value hierarchy**

	Financial Assets at 31 December 2016		
	Loans and receivables	Other	Total
	£	£	£
As at 1 January 2016	7,340,942	-	7,340,942
Increase in amounts receivable from parent company	891,174	-	891,174
As at 31 December 2016	8,232,116	-	8,232,116

	Financial Assets at 31 December 2015		
	Loans and receivables	Other	Total
	£	£	£
As at 1 January 2015	6,433,915	-	6,433,915
Increase in amounts receivable from parent company	907,027	-	907,027
As at 31 December 2015	7,340,942	-	7,340,942

	Financial Liabilities at 31 December 2016		
	Loans and receivables	Other	Total
	£	£	£
As at 1 January 2016	8,564,224	-	8,564,224
Increase in amounts due to fellow group companies	170,271	-	170,271
As at 31 December 2016	8,734,495	-	8,734,495

	Financial Liabilities at 31 December 2015		
	Loans and receivables	Other	Total
	£	£	£
As at 1 January 2015	8,185,411	-	8,185,411
Increase in amounts due to fellow group companies	378,813	-	378,813
As at 31 December 2015	8,564,224	-	8,564,224

NOTES TO THE FINANCIAL STATEMENTS (continued)**20. ULTIMATE PARENT COMPANY**

The immediate parent company and controlling party is AIB Group (UK) p.l.c., a company registered in Northern Ireland. This is the smallest group in which the financial statements of the Company are consolidated. The accounts for AIB Group (UK) p.l.c. are available from Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.

The ultimate parent undertaking and controlling party is Allied Irish Banks, p.l.c., a company registered in the Republic of Ireland. This is the largest group in which the financial statements of the Company are consolidated. The accounts of the Group are available from Allied Irish Banks, p.l.c., Bankcentre, Dublin 4. Republic of Ireland.

21. CAPITAL RESOURCES

The Company's capital consists of equity comprising issued share capital and retained earnings. The Company is a member of the AIB Group of companies which has regulatory disciplines over the use of capital. The Company is governed by the Group's policy to maintain a strong capital base. It is not separately regulated.

22. KEY MANAGEMENT

The Company is a subsidiary of AIB Group. The time and costs of executives and other staff who are primarily employed by the Group are not specifically recharged. In the Company, key management comprises of the Directors of the Company. As disclosed in Note 6, the emoluments of the Directors are met by AIB Group (UK) p.l.c.. They do not receive remuneration for services provided to the Company.

23. SUBSEQUENT EVENTS

There have been no significant events affecting the Company since the reporting date which require amendment to, or disclosure in, the financial statements.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on the 20 September 2017.