

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

Registered Number 00826185

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THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements of the Company for the year ended 31 October 2010

Principal Activity and Review of Business

The principal activity of the Company is that of an investment dealing company

Business Review

This section of the directors' report provides a review of the Company's business and describes the principal risks and uncertainties facing the Company

Objective and Principal Activity

The Company was established to generate income by investing in securities, often on a short term basis

Principal Risks and Uncertainties

The principal risks and uncertainties are detailed in note 8 to the accounts The Company is a wholly owned subsidiary of The Bankers Investment Trust PLC

Capital

At 31 October 2010 the Company had in issue two ordinary shares of £1 each, the beneficial owner of which is The Bankers Investment Trust PLC Equity shareholders' funds totalled £1.0 million, almost all of which is available for distribution as dividend

Performance

The key performance indicators used by the Board are the balance sheet figures and its retained earnings The position of the Company at the end of the year was as follows

	£
Retained earnings	984,997
Called up share capital	2
Total equity	<u>984,999</u>
Represented by net assets	<u>984,999</u>

Retained Earnings and Dividend

The profit after taxation for the year amounted to £78,301 (2009 £17) The directors do not intend to declare a dividend in respect of the year (2009 £nil)

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT (Continued)

Directors

Mr R D Brewster (Chairman)

Mr F I Sumner

Mr R R J Burns

The directors listed above were all directors of the Company during the year and at the end of the year. None of the directors had any beneficial interest in the shares of the Company. All of the directors of the Company are also directors of the holding company, The Bankers Investment Trust PLC, and their interests in that company are disclosed in its report and financial statements.

The fee arrangements for services as directors of the Company can be found in note 2.

There were no contracts subsisting during or at the end of the year in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

Payment of Creditors

It remains the Company's policy for the forthcoming financial year to obtain the best terms for all business and therefore there is no single policy as to the terms used. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by such terms. There were no trade creditors at 31 October 2010 (2009: none).

Auditors' Right to Information

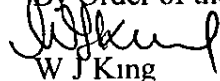
Each of the directors confirms that

- so far as he is aware, there is no relevant audit information of which the auditors are unaware, and
- he has taken all the steps that he or she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of Auditors

The present auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and in accordance with Section 487(2) of the Companies Act 2006, will be deemed to be re-appointed. However, pursuant to Section 488 of the Act, any member(s) representing at least 5% of the Company's total voting rights may prevent the deemed re-appointment by depositing a notice to that effect (either in hard copy or electronic format) not later than 28 days after the despatch of the Report and Financial Statements to members.

By Order of the Board



W J King
For and on behalf of Henderson Secretarial Services Limited
Secretary

17 January 2011

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

We have audited the financial statements of The Army and Navy Investment Company Limited for the year ended 31 October 2010 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 October 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARMY AND
NAVY INVESTMENT COMPANY 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

Clare Thompson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 January 2011

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
Gains on investments held at fair value through profit or loss		98,815	-
Interest received		312	21
Administrative expenses	2	<u>(12)</u>	<u>-</u>
Profit on ordinary activities before taxation		99,115	21
Taxation on ordinary activities	3	<u>(20,814)</u>	<u>(4)</u>
Profit for the year and total comprehensive income	7	<u>78,301</u>	<u>17</u>

All items in the above statement derive from continuing operations. The profit is attributable to the equity holders of The Bankers Investment Trust PLC, the parent company. There are no minority interests.

The Company does not have any other comprehensive income hence the net profit for the year as shown above is the same as the Company's total comprehensive income.

The notes on pages 9 to 17 form part of these financial statements.

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2010**

	Called up share capital £	Retained Earnings £	Total £
Total equity at 31 October 2009	2	906,696	906,698
Total comprehensive income:			
Net profit for the year	-	78,301	78,301
Total equity at 31 October 2010	2	984,997	984,999

FOR THE YEAR ENDED 31 OCTOBER 2009

	Called up share capital £	Retained Earnings £	Total £
Total equity at 31 October 2008	2	906,679	906,681
Total comprehensive income			
Net profit for the year	-	17	17
Total equity at 31 October 2009	2	906,696	906,698

The notes on pages 9 to 17 form part of these financial statements

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2010

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
Current Assets			
Investments held at fair value through profit or loss	4	649,457	-
Other receivables		303	902,551
Cash and cash equivalents		5,064,768	4,147
		<u>5,714,528</u>	<u>906,698</u>
Current Liabilities			
Purchases for future settlement		611,254	-
Amounts due to parent company	5	4,118,263	-
Other payables		12	-
		<u>4,729,529</u>	<u>-</u>
Net Assets		<u>984,999</u>	<u>906,698</u>
Equity attributable to equity shareholders			
Called up share capital	6	2	2
Retained earnings	7	984,997	906,696
Total equity		<u>984,999</u>	<u>906,698</u>

These financial statements were approved by the directors on 17 January 2011 and signed on their behalf by

R D Brewster
Chairman



The notes on pages 9 to 17 form part of these financial statements

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2010**

	<u>2010</u> £	<u>2009</u> £
Cash flow from operating activities		
Profit before tax	99,115	21
Less gains on investments held at fair value through profit or loss	(98,815)	-
Purchases of trading stock	(992,401)	-
Sales of trading stock	441,759	-
(Increase)/decrease in other receivables	(303)	12
Increase in other creditors	12	-
Increase in purchases awaiting settlement	611,254	-
Net cash inflow from operating activities before interest and taxation	60,621	33
Interest paid	-	-
Net cash flow from operating activities	60,621	33
Financing activities		
Amounts received from parent company	5,000,000	-
Net cash flow from financing activities	5,000,000	-
Increase in cash	5,060,621	33
Cash and cash equivalents at start of year	4,147	4,114
Cash and cash equivalents at end of the year	5,064,768	4,147

The notes on pages 9 to 17 form part of these financial statements

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

(a) Basis of preparation

The financial information for the year ended 31 October 2010 has been prepared in accordance with International Financial Reporting Standards ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted by the European Union. These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS have been adopted by the European Union.

(i) Standards, amendments and interpretations that became effective in the current financial year that have been adopted by the Company:

- IAS 1 (revised) *Presentation of financial statements* The revised standard requires the separate presentation of changes in equity attributable to the owners (equity shareholders) and other non-owner changes. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has applied IAS 1 (revised) from 1 November 2009 and has elected to present solely a statement of comprehensive income. Where an entity restates or reclassifies comparative information, it is also required to present a restated balance sheet as at the beginning of the comparative period. The adoption of this revised standard has not resulted in a significant change to the presentation of the Company's performance statement, as the Company has no elements of other comprehensive income not previously included in its Statement of Comprehensive Income.
- IAS 39 (amendment) *Financial instruments: Recognition and measurement* The amendment was part of the IASB's annual improvements project published in May 2008. The amendment permits an entity to reclassify particular financial assets in some circumstances and the definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. Adoption did not have a significant impact on the Company's financial statements.
- IFRS 7 (amendment) *Financial Instruments: Disclosures* Introduced new disclosure requirements whereby financial instruments must be categorised under a three-level fair value hierarchy. A reconciliation is also required for any investments categorised as Level 3. The additional disclosures resulting from this amendment have been included in Note 8(vi) on page 16. The amendments to IFRS 7 also introduce some additional disclosures on liquidity risk which are included in note 8(iii).

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- IAS 32 (amendment) *Financial instruments Presentation* and IAS 1 (amendment) *Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation* The amendment provides exemptions from financial liability classification for (a) puttable financial instruments that meet certain conditions, and (b) certain instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation as equity Adoption did not have any impact on the Company's financial statements
 - IAS 23 (amendment) *Borrowing Costs* Requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset This is not currently relevant to the Company, which has no qualifying assets
 - *Improvements to IFRS* were issued in May 2008 and April 2009 and comprise numerous amendments to IFRS that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual standards Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted No material changes to accounting policies have been made (or, where relevant, are expected) as a result of these amendments
 - IAS 27 (revised) *Consolidated and separate financial statements* Introduces significant changes to the accounting for transactions with non-controlling interests (minority interests), the accounting for a loss of control and the presentation of non-controlling interests in consolidated financial statements Adoption did not have any impact on the Company's financial statements
 - IAS 28 (amendment) *Investments in Associates* Consequential amendments arising from revisions to IFRS 3 Adoption did not have any impact on the Company's financial statements
 - IFRS 3 (revised) *Business combinations* Adoption did not have any impact on the Company's financial statements
- (ii) **Standards, amendments and interpretations to existing standards that become effective in future accounting periods and have not been adopted early by the Company:**
- IAS 24 (revised) *Related Party Disclosures* (effective for financial periods beginning on or after 1 January 2011, subject to EU endorsement) Revises the definition of related parties Adoption is unlikely to have a significant effect on the Company's financial statements

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- (111) **Standards, amendments and interpretations to existing standards that become effective in future accounting periods and are not relevant to the Company's operations:**
- IFRS 1 (amendment) *First-time Adoption of International Financial Reporting Standards*
 - IFRS 5 (amendment) *Non-current Assets Held for Sale and Discontinued Operations*
 - IFRS 9 (new) *Financial Instruments Classification and Measurement*
 - IAS 17 (amendment) *Leases*
 - IAS 32 (amendment) *Financial Instruments Presentation* Amendments relating to the classification of rights issues
 - IFRS 1 (amendments) *Additional exemptions for first-time adopters*
 - IFRS 2 (amendments) *Company cash-settled share-based payment transactions*

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

(b) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Bank deposit interest is accounted for on an accruals basis.

(c) Expenses

All expenses and interest payable are accounted for on an accruals basis.

(d) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability of current tax is calculated using the effective tax rate of corporation tax for the accounting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(e) Foreign currency

For the purposes of the financial statements, the results and financial position of the Company is expressed in pounds sterling, which is the functional currency and presentational currency of the Company. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates and is therefore considered to be the functional currency.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date.

(f) Investments held at fair value through profit or loss

All investments are designated upon initial recognition as held at fair value through profit or loss. Investments transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the balance sheet is based on their quoted bid price at the balance sheet date, without deduction of the estimated future selling costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

(g) Cash and cash equivalents

Cash comprises cash in 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.

(h) Key estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

There are no estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities.

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 Administrative Expenses

	<u>2010</u> £	<u>2009</u> £
Administrative expenses	<u>12</u>	<u>-</u>

The parent company pays all audit fees and directors' emoluments for the Group. The amount of the audit fee paid by the parent company which is attributable to this Company in respect of the year ended 31 October 2010 was £1,000 (2009 £1,000) and the amount of directors' emoluments paid by the parent company in respect of services to this Company was £3,000 (£1,000 per director) (2009 same).

3 Taxation

	<u>2010</u> £	<u>2009</u> £
(a) <u>Taxation charge on ordinary activities</u>		
Group relief at 21% (2009 20%)	<u>20,814</u>	<u>4</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28.00% (2009 28.00%). The differences are explained below:

Profit on ordinary activities before taxation	<u>99,115</u>	<u>21</u>
Corporation tax at 28% (2009 28%)	(27,752)	(6)
Surrender of expenses from Parent Company	27,752	6
Charge for Group relief at 21%	20,814	4
Current tax charge for the year	<u>20,814</u>	<u>4</u>

No provision for deferred taxation has been made in the current year or in the prior year.

The Company has a deferred tax asset of £nil (2009 £nil).

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 Investments held at fair value through profit or loss

Valuation and cost at 1 November 2009	-
Additions at cost	992,401
Disposals proceeds	(441,759)
Gains on disposal of investments	<u>60,612</u>
Cost at 31 October 2010	611,254
Investment holding gains	<u>38,203</u>
Valuation of investments at 31 October 2010	<u>649,457</u>

The Company incurred total transaction costs during the year of £665 (2009 £nil)

5 Amounts due to parent company

This represents amounts payable to the parent company, The Bankers Investment Trust PLC, under a non-interest bearing loan agreement

6 Share Capital

	<u>2010</u>	<u>2009</u>
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, issued and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

7 Retained Earnings

	£
At 1 November 2009	906,696
Profit for the year	78,301
At 31 October 2010	<u>984,997</u>

8 Derivatives and other financial investments

Background

The Company's financial instruments may comprise securities, cash balances and other receivables and other payables that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement and receivables for accrued income

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

The Company has little exposure to credit and cash flow risks. The principal risks the Company faces in its portfolio management activities are

- market price risk from movements in the value of investment holdings caused by factors other than interest rates or currency movements
- interest rate risk
- liquidity risk
- currency risk
- credit risk

The Board of directors and the Manager of the parent company (see note 9) co-ordinate the Group's risk management. The board determines the objectives, policies and processes for managing the risks.

(i) Market price risk

By the very nature of its activities, the Company's investments are exposed to market price fluctuations.

Market price risk exposure

The value of investments held at 31 October 2010 was £649,457 (2009 £nil)

Market price sensitivity

A 10% increase or decrease in the valuation of investments would increase or decrease the net profit after tax for the year of the Company by £51,307 (2009 £nil)

(ii) Interest rate risk

The Company takes account of this risk when making investment decisions.

Interest rate risk exposure

The Company's floating rate interest rate exposure at 2010 can be found on the balance sheet under the heading "Cash and cash equivalents"

Interest rate sensitivity

Cash balances vary throughout the year. Cash balances at year end were £5,064,768 (2009 £4,147) and if that level of cash was maintained for a full year, then a 100 basis points change in LIBOR (up or down) would increase or decrease net profit after tax by £40,012 (2009 £33)

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(iii) Liquidity risk

The Company's assets comprise cash and readily realisable securities which can be sold to meet funding requirements if necessary. The remaining contractual maturities of the financial liabilities at 31 October, based on the earliest date on which payment can be required was as follows

	2010		2009	
	Repayable on demand	Due within 3 months	Repayable on demand	Due within 3 months
	£	£	£	£
Amounts due to parent company	4,118,263	-	-	-
Other creditors & accruals	-	611,266	-	-
	<u>4,118,263</u>	<u>611,266</u>	<u>-</u>	<u>-</u>

(iv) Currency risk

The Company did not hold any foreign currency denominated assets during the year and is therefore not subject to currency risk

(v) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss

The table below summarises the credit risk exposure of the Company at the year end

	2010	2009
	£	£
Cash	5,064,768	4,147
Receivables		
Other receivables	303	902,551
	<u>5,065,071</u>	<u>906,698</u>

Management of the risk

Credit risk is managed as follows

- investment transactions are carried out with a number of approved brokers, whose credit-standard is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker
- Cash at bank is held only with reputable banks with high quality external credit ratings and is subject to continual review

(vi) Fair value hierarchy

All of the Company's investments fall within level 1 of the fair value hierarchy as they are valued using quoted prices in active markets for identical assets

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(vii) Capital management policies and procedures

The Company's capital management and objectives are

- To ensure that it will be able to continue as a going concern, and
- To generate total return to its equity shareholder in accordance with its objectives through an appropriate balance of equity capital and debt

The Company's capital at 31 October 2010 comprises its equity share capital, reserves and debt that are shown in the balance sheet at a total of £984,999 (2009 £906,698)

9 Related Party Transactions

The only related party transactions during the year were with the parent company, The Bankers Investment Trust PLC. Under an intercompany loan agreement, this Company received £5,000,000 from the parent Company (2009 £nil) The amounts due under the intercompany loan agreement can be found in note 5

10 Parent Company

The Company is a wholly owned subsidiary undertaking of its ultimate holding company and controlling party, The Bankers Investment Trust PLC, a company registered in England and Wales These financial statements therefore provide information about the Company as an individual undertaking Copies of the parent company report and financial statements may be obtained from the Secretary, Henderson Secretarial Services Limited, at 201 Bishopsgate, London EC2M 3AE

THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

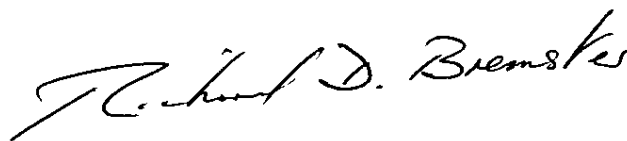
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial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

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

For and on behalf of the Board

R D Brewster
Chairman
17 January 2011



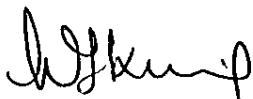
THE ARMY AND NAVY INVESTMENT COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of THE ARMY AND NAVY INVESTMENT COMPANY LIMITED, will be held at 201 Bishopsgate, London EC2M 3AE on 22 February 2011 at 2 15 pm for the following purposes

- 1 To receive the Annual Financial Statements for the year ended 31 October 2010
- 2 To re-appoint PricewaterhouseCoopers LLP as auditors to the Company

By order of the Board



W J King FCIS
For and on behalf of
Henderson Secretarial Services Limited
Secretary

17 January 2011

201 Bishopsgate
London
EC2M 3AE

NOTE

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and such proxy need not be a member