

Schroder Middle East Limited

Annual Report and Accounts

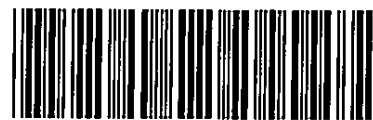
Year Ended 31 December 2013

Registered Number: 01562433



Schroders

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Contents

Page

Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditors' report to the member of Schroder Middle East Limited	5
Income statement	7
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11

Officers and professional advisers

Directors

Paul J Chislett
Derek N D Netherton
Howard B Trust

Company Secretary

Schroders Corporate Secretary Limited

Registered Office

31 Gresham Street
London
EC2V 7QA

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Strategic report

The Directors present their Strategic report on Schroder Middle East Limited (the Company) for the year ended 31 December 2013

Results and Review of the business

The loss for the year, after tax was £103,000 (2012 £72,000 loss after tax)

The Directors consider the results and the Company's financial position at 31 December 2013 to be satisfactory. The Company's business is as the general partner of The Vicarello Partnership (the Partnership), a limited partnership that had a property interest in Italy held by Vicarello SpA. The business continued throughout the year.

On 31 January 2014 the Partnership sold the entire corporate capital of Vicarello SpA. The terms of the Partnership Agreement provide that the Partnership is dissolved upon such a sale. The Company now acts as liquidating trustee in the liquidation of the Partnership.

Once the liquidation of the Partnership is complete the Company will no longer have any purpose. The current intention is to start the process of liquidating the Company at that point.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Schroders plc's other subsidiary undertakings which, with Schroders plc, form the Schroders plc Group (Group) and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the "Key risk and mitigations" section and "Risk management and internal controls" within the Governance section of the Schroders plc annual report and accounts for the year ended 31 December 2013 (Schroders Report). The Schroders Report does not form part of this report.

Key performance indicators

The Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

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


Paul J Chislett
Director
15 April 2014

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2013

General information

The Company is a company limited by shares incorporated and domiciled in England and Wales. The Company's ultimate parent undertaking and controlling entity is Schroders plc, which together with the Company and Schroders plc's other subsidiary undertakings, form the Group.

Dividends

During the year no dividends were paid or proposed (2012: nil).

Risk management and use of financial instruments

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the "Key risk and mitigations" section and "Risk management and internal controls" within the Governance section of the Schroders Report. The Company's specific risk exposures to financial instruments are explained in note 10 to the financial statements. The Schroders Report does not form part of this report.

Going Concern

Following the dissolution of the Partnership on 31 January 2014 and its ongoing liquidation, there is no requirement for a General Partner, and as such the current intention of the Directors is to liquidate the Company. For this reason the going concern basis is not appropriate in preparing the financial statements. Further detail is disclosed in note 1 of the Accounts.

Directors

The Directors of the Company who have served throughout the year, except where listed below, are listed on page one. Between 1 January 2013 and 15 April 2014 the following changes have taken place:

Director	Appointed	Resigned
Catherine J Brock		6 June 2013
Paul J Chislett	2 July 2013	

Directors' liability insurance

Directors' and Officers' liability insurance is taken out by Schroders plc, the Company's ultimate parent undertaking, for the benefit of the Directors of the Company.

Employment policy

The Company had no employees during the year.

Auditors and disclosure of information to auditors

In accordance with Section 487(2) of the Companies Act 2006 and in the absence of a notice proposing that the appointment be terminated at a general meeting, the current auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed for the next financial year.

To the best of the Directors' knowledge, there is no relevant audit information of which the Company's auditors are unaware. Each of the Directors has taken all reasonable steps that ought to have been taken by him or her as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Directors' report (continued)

Statement of Directors' responsibilities

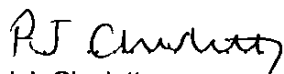
The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) 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 IFRS 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.

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



Paul J. Chislett
Director
15 April 2014

Registered Office
31 Gresham Street
London EC2V 7QA
Registered in England and Wales No. 1562433

Independent auditors' report to the member of Schroder Middle East Limited

Report on the financial statements

Our opinion

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say below

Emphasis of Matter – Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of accounting. The Directors intend to liquidate the Company as the Partnership has been dissolved and there will then be no requirement for the Company to act as General Partner. Accordingly, the going concern basis of accounting is no longer appropriate. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the intention to liquidate the Company or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by Schroder Middle East Limited, comprise

- the income statement, statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement, and
- related notes

The financial reporting framework that has been applied in their preparation comprises applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 and Accounts 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.

Independent auditors' report to the member of Schroder Middle East Limited (continued)

Opinion on 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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been, 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 April 2014

Income statement

for the year ended 31 December 2013

	Note	2013 £'000	2012 ¹ £'000
Net losses on financial instruments and other income	2	(3)	(1)
Operating expenses	3	(132)	(87)
Operating loss		(135)	(88)
Finance income	4	1	4
Loss before tax		(134)	(84)
Tax credit	5	31	12
Loss after tax		(103)	(72)

¹ During the year, it was established that impairment of trade and other receivables had been classified as net losses on financial instruments in the annual report and accounts. The prior year balances have been represented to ensure consistent classification. The 2012 net losses on financial instruments and other income have decreased by £2,000 and operating expenses has decreased by the same amount. There is no overall impact on the financial statements for the year ended 31 December 2012 or for the year ended 31 December 2013.

Statement of comprehensive income

for the year ended 31 December 2013

	2013 £'000	2012 £'000
Loss for the year	(103)	(72)
Total loss and total comprehensive income for the year, net of tax	(103)	(72)

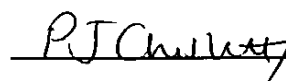
Statement of financial position

as at 31 December 2013

	Note	2013 £'000	2012 £'000
Assets			
Cash and cash equivalents	6	12	374
Trade and other receivables	7	221	19
Deferred tax	8	1	1
Total assets		234	394
Liabilities			
Trade and other payables	9	18	75
Total liabilities		18	75
Net assets		216	319
Total Equity		216	319

The financial statements on pages 7 to 18 were approved by the Board of Directors on 15 April 2014 and were signed on its behalf by

Paul J Chislett
Director

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Registered Number 01562433

Notes to the financial statements

for the year ended 31 December 2013

12 Related party transactions

Transactions between related parties

Transactions between the Company and other Group subsidiaries, which are related parties of the Company, together with details of transactions between the Company and other related parties are disclosed below

2013			
	Finance income £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Other related companies within the Group	-	202	2

2012			
	Finance income £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Other related companies within the Group	4	13	42

Transactions with related parties were made at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The Company has recognised a charge to income of £3,000 (2012: £2,000) for bad or doubtful debts in the year in respect of the amounts owed by related parties.

13 Ultimate parent company

The Company's immediate parent company is Schroder International Holdings Limited, whose ultimate parent company and ultimate controlling party is Schroders plc, both of which are incorporated in England and Wales.

The results of the Company are consolidated in the Annual Report and Accounts of Schroders plc, copies of which can be obtained from Schroders plc, 31 Gresham Street, London, EC2V 7QA.

Notes to the financial statements

for the year ended 31 December 2013

10. Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates

The Company's policy in relation to revenue and expenditure currency exposure is not to hedge as this is considered part of the business

The Company is potentially exposed to foreign exchange risk arising from currency exposures

As at 31 December 2013, if the Euro had strengthened by 5 per cent/weakened by 6 per cent against sterling, with all other variables held constant, it has been estimated that the Company's loss for the year would increase by £nil / decrease by £nil

As at 31 December 2012, if the Euro had strengthened by 5 per cent/weakened by 8 per cent against sterling, with all other variables held constant, it has been estimated that the Company's loss for the year would increase by £nil / decrease by £nil

Capital management

The Company's policy is to have adequate capital for all activities undertaken in the normal course of business. In particular, it should have sufficient capital to maintain sufficient liquid funds to meet peak working capital requirements. Any surplus capital is loaned back to the Group's investment capital management entities.

The Company is regulated by the Financial Conduct Authority (FCA). Its last submitted capital resources as at 31 December 2013 totalled £216,000 (December 2012 £327,000) and had a minimum capital requirement of £42,000 (December 2012 £41,000). Surplus capital was therefore £174,000 (December 2012 £286,000).

The Company complied at all times with all of the externally imposed regulatory capital requirements.

11 Share capital

	2013 Number	2012 Number	2013 £'000	2012 £'000
Issued, called up and fully paid				
Ordinary share of £1 each	14,000	14,000	14	14
Issued, called up and partially paid				
Paid up to 25p ordinary shares of £1 each	3,990,000	3,990,000	998	998
	4,004,000	4,004,000	1,012	1,012

Statement of changes in equity

for the year ended 31 December 2013

	Share capital ¹ £'000	Profit and loss reserve ² £'000	Total £'000
At 1 January 2013	1,012	(693)	319
Total loss and total comprehensive income for the year, net of tax	-	(103)	(103)
At 31 December 2013	1,012	(796)	216

for the year ended 31 December 2012

	Share capital ¹ £'000	Profit and loss reserve ² £'000	Total £'000
At 1 January 2012	1,012	(621)	391
Total loss and total comprehensive income for the year, net of tax	-	(72)	(72)
At 31 December 2012	1,012	(693)	319

¹ Share capital represents a mix of issued partly and fully paid ordinary shares at a par value £1 each – see Note 11 within the notes to the accounts

² The profit and loss reserve represents losses brought forward and the loss for the year

Cash flow statement

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Operating activities			
Operating loss		(135)	(88)
(Increase) / decrease in trade and other receivables		(202)	363
Decrease in trade and other payables		(57)	(1)
Amounts received in respect of Group relief		31	12
Net cash (used in) / from operating activities		(363)	286
Investing activities			
Interest received		1	4
Net cash from investing activities		1	4
Net (decrease) / increase in cash and cash equivalents		(362)	290
Opening cash and cash equivalents		374	84
Net (decrease) / increase in cash and cash equivalents		(362)	290
Closing cash and cash equivalents	6	12	374

Notes to the financial statements

for the year ended 31 December 2013

1 Presentation of financial statements

Financial information for the year ended 31 December 2013 is presented in accordance with International Accounting Standard (IAS) 1 Presentation of Financial Statements

Basis of preparation

The financial statements are prepared in accordance with IFRS, which comprise Standards and Interpretations approved by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors, as adopted by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

As the Partnership has been dissolved and is in the process of liquidation, there will be no requirement for the Company to act as General Partner to the Partnership once the liquidation is complete. The Directors intend to liquidate the Company at that point, and therefore the financial statements have been prepared on a basis of preparation other than going concern. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

The Company's principal accounting policies have been consistently applied. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the notes below.

On 1 January 2013, the following Standard was adopted:

IAS 1 (Amended)	Presentation of Financial Statements
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IAS 1 (Amended) had no impact on the Company's results, but resulted in a change in presentation in the statement of comprehensive income.

The Company did not early adopt any Standards which were issued during the year, but which were not effective at the balance sheet date.

No other Standards and Interpretations issued and not yet effective are expected to have an impact on the Company's financial statements.

2 Net losses on financial instruments and other income

Foreign currency translation

Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date and transactions in foreign currency are converted to Sterling at the rate ruling at the date of the transaction. Exchange differences arising are taken to the income statement within 'Net gains / (losses) on financial instruments and other income'.

	2013 £'000	2012 £'000
Net gains on foreign exchange	-	1
Impairment of trade and other receivables (see note 7)	(3)	(2)
Net losses on financial instruments and other income	(3)	(1)

Notes to the financial statements

for the year ended 31 December 2013

3. Operating expenses

	2013 £'000	2012 £'000
Audit and non-audit fees		
Fees payable for the audit of the Company	8	8
Fees payable for audit related assurance services	4	4
Other operating expenses	120	75
Operating expenses	132	87

Key management personnel compensation

The Company pays a fee to a Director for advisory services. The emoluments set out below are in respect of 1 (2012: 1) Director whose emoluments were charged in full to the Company during the year. The emoluments of 3 (2012: 2) Directors employed by and paid for by another Group company are included in the financial statements of that entity. Their emoluments are deemed to be wholly attributable to their services to these companies. These Directors therefore receive no incremental emoluments for their services to the Company.

	2013 £'000	2012 £'000
Aggregate emoluments	13	26

The Company has determined that the Board of Directors of the Company are the key management personnel of the Company.

In respect of the highest paid Director, the aggregate emoluments were £13,000 (2012: £26,000).

4 Finance income

Interest comprises amounts due on the Company's cash and intercompany loans. Interest receivable is recognised using the effective interest method and is recorded in the income statement within 'Finance income'.

	2013 £'000	2012 £'000
Other interest receivable on financial assets not at fair value through profit or loss	1	4

Notes to the financial statements

for the year ended 31 December 2013

5. Tax credit

(a) Analysis of credit in year

	2013 £'000	2012 £'000
Current tax		
Current tax credit - Group relief	(31)	(12)
Total current tax credit for the year	(31)	(12)
Deferred tax.		
Credit relating to origination and reversal of temporary differences	-	-
Total tax credit for the year	(31)	(12)

(b) Factors affecting tax credit for the year

The UK standard rate of corporation tax reduced from 24 per cent to 23 per cent on 1 April 2013 resulting in a UK effective rate for the year of 23.25 per cent (2012 effective rate of 24.5 per cent)

The current tax credit for the year is the same as (2012 lower than) that calculated using the effective rate of corporation tax in the UK of 23.25 per cent (2012 24.5 per cent)

	2013 £'000	2012 £'000
Loss before tax	(134)	(84)
Loss before tax multiplied by corporation tax at the UK effective rate of 23.25% (2012 24.5%)	(31)	(21)
Non taxable income net of disallowable expenses	-	9
Total tax credit for the year	(31)	(12)

Notes to the financial statements

for the year ended 31 December 2013

6. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where such facilities form an integral part of the Company's cash management.

The book value of cash and cash equivalents approximates their fair value.

7. Trade and other receivables

	2013 £'000	2012 £'000
Financial assets*		
Amounts owed by related parties (see note 12)	202	13
Other debtors	19	6
	221	19

Trade receivables are recorded initially at fair value and subsequently at amortised cost. The receivables balances in the table above are net of any impairment provisions for bad and doubtful debts.

Impairments for specific bad and doubtful debts are provided against receivables to reflect an assessment of irrecoverability and are deducted from the relevant assets. Such impairments are recorded within 'Net losses on financial instruments and other income' in the income statement.

The trade and other receivables are all current. The carrying amount of interest and non-interest bearing trade and other receivables approximate their fair value.

	2013 £'000	2012 £'000
Impairment of trade and other receivables		
At 1 January	129	127
Charge to income statement	3	2
At 31 December	132	129

Notes to the financial statements

for the year ended 31 December 2013

8 Deferred tax

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss, it is not accounted for. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date

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

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent (2012 23 per cent) reflecting the rate expected to be applicable at the time the net deferred tax asset is realised

The movement on the deferred tax account is as shown below

	2013 £'000	2012 £'000
At 1 January	1	1
Income statement expense	-	-
At 31 December	1	1

	2013 Accelerated capital allowances £'000	Total £'000	2012 Accelerated capital allowances £'000	Total £'000
At 1 January	1	1	1	1
Charged to income statement	-	-	-	-
At 31 December	1	1	1	1

9 Trade and other payables

Trade and other payables are recorded initially at fair value and subsequently at amortised cost

Trade and other payables are all current. The carrying amount of interest and non interest bearing trade and other payables at amortised cost approximates their fair value

	2013 £'000	2012 £'000
Financial liabilities		
Amounts owed to related parties (see note 12)	2	42
Accruals	16	33
	18	75

Notes to the financial statements

for the year ended 31 December 2013

10 Financial risk management

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the 'Key risks and mitigations' section and the 'Risk management and internal controls' section within the Governance report and in note 20 in the Schroders Report. The Schroders Report does not form part of this report.

Sensitivities are measured against market risk movements which the Group believes could reasonably occur within the next calendar year.

The Company's specific risk exposures are explained below.

Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are predominantly its related parties and therefore there is no credit risk exposure outside the Group on these balances. The Company has made a provision for impairment against receivables that it does not expect to recover.

The Company's cash and cash equivalents is invested primarily in a current account and on deposit with an A rated UK bank (2012: A rated).

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost. The Group's liquidity policy is to maintain sufficient liquidity to cover any cash flow funding, meet all obligations as they fall due and maintain the solvency. The Company holds sufficient liquid funds to cover their normal course of business. Outside the normal course of business the Company can request additional capital through intra-Group loans to maintain sufficient liquidity.

Interest rate risk

Interest rate risk is the market risk that the fair value or future cash flows will fluctuate because of changes in market interest rates.

Interest rate risk is limited. Assets and liabilities attracting interest rates are cash balances and intercompany loans, both of which are at floating rate, therefore outright interest rate risks arise mainly from the decision to allow a mismatch between the cash flows.

At 31 December 2013, if Bank of England interest rates had been 50 basis points higher or nil basis points lower with all other variables held constant, it has been estimated that post-tax loss for the year would have been £1,000 lower / £nil higher, mainly as a result of higher/lower interest income on inter company loans and cash balances. Other components of equity would have been unaffected.

At 31 December 2012, if Bank of England interest rates had been 50 basis points higher or nil basis points lower with all other variables held constant, it has been estimated that post-tax loss for the year would have been £1,000 lower / £nil higher, mainly as a result of higher/lower interest income on inter company loans and cash balances. Other components of equity would have been unaffected.

The underlying assumption made in the model used to calculate the effect on post-tax profits is that, the fair values of assets and liabilities will not be affected by a change in interest rates.