Lloyds Premises Investments Limited

Directors' report and financial statements
For the year ended 31 December 2011

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

2521270

Directors

M B Andrews
R D C Dakin

Company secretary

Lloyds Secretaries Limited

Member of Lloyds Banking Group

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COMPANIES HOUSE

Directors' report
For the year ended 31 December 2011

The directors present their report and the audited financial statements of Lloyds Premises Investments Limited for the year ended 31 December 2011

Business review

Principal activities

Lloyds Premises Investments Limited ("the Company") is a limited company incorporated and domiciled in England and Wales (registered number 2521270)

The principal activity of the Company is the holding and management of land and property acquired through the realisation of land security held by other companies in the Lloyds Banking Group

The Company received no income and incurred no expenses in the current or preceding year The sole transaction during the year was the payment of a dividend of £610,000 to Lloyds TSB Bank plc, funded by the Company's cash balance

The Company is funded entirely by other companies within the Lloyds Banking Group ("the Group")

Future outlook

The Company is likely to become dormant in the foreseeable future as it ceased to provide services during the year

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company Further details of the Company's and Group's risk management policy are contained in note 2 to the financial statements

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Policy and practice on payment of suppliers

The Company follows "The Prompt Payment Code" published by the Department for Business Innovation and Skills (BIS) regarding the making of payments to suppliers Information about the "Prompt Payment Code" may be obtained by visiting www promptpaymentcode org uk

The Company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated

It is the policy of the Company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract

As no amounts are owed to trade creditors as at 31 December 2011, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is nil (2010 nil)

Dividends

A dividend of £610,000, representing a dividend of £305,000 per share, in respect of the year to 31 December 2011 was declared and paid during the year (2010 £nil)

Going Concern

It is expected that the Company will be liquidated within the next 12 months and therefore the accounts have been prepared on a break up basis

Directors

The names of the current directors are shown on the cover

The following changes have taken place during the year and since the year end

M B Andrews	(appointed 9 March 2011)
R D C Dakin	(appointed 9 March 2011)
G P Wright	(resigned 9 March 2011)

Directors' report (continued)

For the year ended 31 December 2011

Directors' indemnities

The directors have the benefit of a deed of indemnity which constitutes a "qualifying third party indemnity provision" These deeds are in force during the whole of the financial year (or from the date of appointment in respect of directors who join the board during the financial year) The indemnities remain in force for the duration of a director's period of office Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law 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

Disclosure of information to auditors

Each director in office at the date of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he 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

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

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006

On behalf of the board

M B Andrews
Director

27 June 2012

Independent auditors' report to the member of Lloyds Premises Investments Limited

We have audited the financial statements of Lloyds Premises Investments Limited for the year ended 31 December 2011 which comprise the Balance sheet, the Statement of changes in equity, 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 Statement of directors' responsibilities set out on page 2, 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

This report, including the opinions, has been prepared for and only for the Company's member 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 In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its 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

Emphasis of matter

We draw your attention to note 1 which explains that the directors intend to liquidate the Company within the foreseeable future Accordingly the going concern basis of accounting is no longer appropriate No adjustments to write down assets or include additional provisions have been necessary as a result of the change in basis of preparation Our opinion is not modified in this respect

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

Nathan Irwin

Nathan Irwin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD
27 June 2012

Balance sheet
As at 31 December 2011

	Note	2011 £'000	2010 £'000
ASSETS			
Cash and cash equivalents		-	616
Other current assets	5	6	-
Property, plant and equipment	6	5	5
Total assets		11	621
LIABILITIES			
Borrowed funds	7	5	5
Total liabilities		5	5
EQUITY			
Share capital	8	-	-
Retained profits		6	616
Total equity		6	616
Total equity and liabilities		11	621

The notes on pages 7 to 10 are an integral part of these financial statements

The financial statements on pages 4 to 10 were approved by the board of directors and were signed on its behalf by

M B Andrews
Director

27 June 2012

Statement of changes in equity

For the year ended 31 December 2011

	Share capital £'000	Retained profits £'000	Total £'000
At 1 January 2010	-	616	616
Total comprehensive income for the year	-	-	-
At 31 December 2010	-	**616**	**616**
Total comprehensive income for the year	-	-	-
Dividend paid	-	(610)	(610)
At 31 December 2011	-	**6**	**6**

The notes on pages 7 to 10 are an integral part of these financial statements

Cash flow statement

For the year ended 31 December 2011

	2011 £'000	2010 £'000
Cash flows used in operating activities		
Profit before tax	-	-
Adjustments for		
- Net increase in Other current assets	(6)	-
Net cash used in operating activities	(6)	-
Cash flows used in financing activities		
Dividends paid	(610)	-
Net cash used in financing activities	(610)	-
Net increase in cash and cash equivalents	(616)	-
Cash and cash equivalents at beginning of year	616	616
Cash and cash equivalents at end of year	-	616

The notes on pages 7 to 10 are an integral part of these financial statements

Notes to the financial statements
For the year ended 31 December 2011

1. Accounting policies

1 1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to both years presented, unless otherwise stated

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and its predecessor body

The following new IFRS pronouncements relevant to the Company have been adopted in these financial statements

(i) Amendments to IAS 24 Related Party Disclosures Simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for related party transactions with government related entities As the amendments only result in reduced disclosures, the amendments have not had any impact for amounts recognised in these financial statements

(ii) Improvements to IFRSs (issued May 2010) Sets out minor amendments to IFRS standards as part of the annual improvements process Most amendments clarified existing practice The application of these new interpretations has not had any impact for amounts recognised in these financial statements

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2011 and which have not been applied in preparing these financial statements are given in note 13

The Company received no income and incurred no expenses in the current or preceding year and hence no Statement of comprehensive income has been presented in these financial statements as these would show £nil for the current and preceding financial years

The financial statements have been prepared on a break up basis as the directors expect to liquidate the Company in 2012 There would be no difference between a break up basis and a going concern basis under the historical cost convention

1 2 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings Financial liabilities comprise Amounts due to group undertakings

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired

1 3 Property, plant and equipment

Property, plant and equipment are included at historical cost Historical cost includes expenditure that is directly attributable to the acquisition of the items The value of land is not depreciated Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable In the event that an asset's carrying amount is determined to be greater than its recoverable amount it is written down immediately to the Statement of comprehensive income

1 4 Dividends

Dividends on ordinary shares are recognised through Equity in the period in which they are paid

1 5 Cash and cash equivalents

For the purposes of the Balance sheet and Cash flow statement, Cash and cash equivalents comprise balances with less than three months' maturity

Notes to the financial statements (continued)
For the year ended 31 December 2011

2. Risk management policy

The Company's operations do not expose it to any significant credit risk, liquidity risk or interest rate risk as its transactions are substantially intra-group, it is also not exposed to any market risk or foreign exchange risk Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by the immediate parent, Lloyds TSB Bank plc and the ultimate parent, Lloyds Banking Group plc

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates

There are no significant estimates or judgements that have been used in the preparation of these financial statements

4 Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £2,000 (2010 £500) have been borne by Lloyds TSB Bank plc and are not recharged to the Company Accounting and administration services are provided by a fellow subsidiary undertaking and are not recharged to the Company

No director received any fees or emoluments during the year (2010 £nil) The directors are employed by other companies within the Lloyds Banking Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 9)

5. Other current assets

	2011 £'000	2010 £'000
Amounts due from group undertakings (see note 9)	6	-

Amounts due from group undertakings are unsecured, non-interest bearing and repayable on demand

6. Property, plant and equipment

	Land £'000
Cost	
At 31 December 2010 and 31 December 2011	5

7. Borrowed funds

	2011 £'000	2010 £'000
Amounts due to group undertakings (see note 9)	5	5

Amounts due to group undertakings are non-interest bearing, unsecured and repayable on demand, although there is no expectation that such a demand would be made

Notes to the financial statements (continued)
For the year ended 31 December 2011

8 Share capital

	2011 **£'000**	2010 £'000
Allotted, issued and fully paid		
2 ordinary shares of £1 each	-	-

At 31 December 2011, the authorised share capital of the Company was £100 divided into 100 shares of £1 each

The immediate parent company is Lloyds TSB Bank plc (incorporated in England and Wales) The company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member Lloyds TSB Bank plc is the parent undertaking of the smallest such group of undertakings Copies of the accounts of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN

9. Related party transactions

The Company is controlled by Lloyds TSB Bank plc A number of transactions are entered into with related parties in the normal course of business These consist of loan transactions Details of the outstanding balances at the year end are set out below

	2011 **£'000**	2010 £'000
Amounts due from group undertakings		
Lloyds TSB Bank plc (see note 5)	**6**	-
Amounts due to group undertakings		
Lloyds TSB Bank plc (see note 7)	**5**	5

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company Accordingly, key management comprise the directors of the Company and the members of the Lloyds Banking Group plc board There were no transactions between the Company and key management personnel during the current or preceding year Key management personnel are employed by other companies within the Lloyds Banking Group and consider that their services to the Company are incidental to their other activities within the Group

10 Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally

11. Contingent liabilities and commitments

On 23rd September 2011 a conditional contract was entered into and exchanged between the Company and Tesco regarding the land held by the Company Completion is contingent upon a variety of factors and a final sales price has yet to be determined At the Balance sheet date the significant risks and rewards of ownership of the land remained with the Company and therefore it has not been derecognised within the financial statements

Notes to the financial statements (continued)
For the year ended 31 December 2011

12 Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements

13. Future developments

The following pronouncements will be relevant to the Company but were not effective at 31 December 2011 and have not been applied in preparing these financial statements

Pronouncement	Nature of change	Effective date
IFRS 13 Fair value Measurement[1]	Sets out a single IFRS framework for the measurement of fair value and the related disclosure requirements	Annual periods beginning on or after 1 January 2013
IFRS 9 Financial Instruments Classification and Measurement [1 & 2]	Replaces those parts of IAS 39 Financial Instruments Recognition and Measurement relating to the classification, measurement and derecognition of financial assets and liabilities Requires financial assets to be classified into two measurement categories, fair value and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instrument The available-for sale financial asset and held-to-maturity categories in existing IAS 39 will be eliminated The requirements for financial liabilities and derecognition are broadly unchanged from IAS 39	Annual periods beginning on or after 1 January 2015

1 At the date of this report, these pronouncements are awaiting EU endorsement

2 IFRS 9 is the initial stage of the project to replace IAS 39 Future stages are expected to result in amendments to IFRS 9 to deal with changes to the impairment of financial assets measured at amortised cost and hedge accounting Until all stages of the replacement project are complete it is not possible to determine the overall impact on the financial statements of the replacement of IAS 39

The full impact of these pronouncements is being assessed by the Company However, the initial view is that neither of these pronouncements is expected to cause any material adjustments to the reported numbers in the financial statements