Lloyds Premises Investments Limited

Directors' report and financial statements
For the year ended 31 December 2013

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

2521270

Directors

M B Andrews
P Pritchard

Company Secretary

Lloyds Secretaries Limited

WEDNESDAY
A3G3W7C1
A14 10/09/2014 #365
COMPANIES HOUSE

Member of Lloyds Banking Group

Directors' report
For the year ended 31 December 2013

The directors present their report and the audited financial statements of Lloyds Premises Investments Limited ("the Company") for the year ended 31 December 2013.

General information

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

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.

Future outlook

No change in the principal activities of the Company is expected in the foreseeable future.

Dividends

No dividends were paid or proposed during the year ended 31 December 2013 (2012: £nil).

Going concern

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on the cover.

The following changes have taken place since the year end:

R D C Dakin	(resigned 25 June 2014)
P Pritchard	(appointed 25 June 2014)

Directors' indemnities

Lloyds Banking Group plc has granted to the directors of the Company, including former directors who retired during the year, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements (or from the date of appointment in respect of the director who joined the board of the Company during the financial year). Directors no longer in office but who served on the board of the Company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of a director's period of office. The deed indemnifies the directors to the maximum extent permitted by law. The deed for existing directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Directors' report (continued)

For the year ended 31 December 2013

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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

M B Andrews
Director

27 June 2014

Independent auditors' report to the member of Lloyds Premises Investments 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 ("IFRSs") 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 in the remainder of this report.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by Lloyds Premises Investments Limited, comprise:

- the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the Cash flow statement;
- the accounting policies; and
- related notes.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs 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 and 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 Directors' report and financial statements 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 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.

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

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 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.

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a Strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of directors

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 ISAs (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.

Scott Berryman

Scott S Berryman
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

27 June 2014

Statement of comprehensive income

For the year ended 31 December 2013

	Note	**2013 £'000**	2012 £'000
Other operating expenses	4	**(3)**	-
Loss before tax		**(3)**	-
Taxation	5	-	-
Loss for the year attributable to owners of the parent, being total comprehensive expense		**(3)**	-

The notes on pages 9 to 12 are an integral part of these financial statements.

Balance sheet
As at 31 December 2013

	Note	2013 £'000	2012 £'000
ASSETS			
Other current assets	6	**6**	6
Property, plant and equipment	7	**5**	5
Total assets		**11**	11
LIABILITIES			
Borrowed funds	8	**8**	5
Total liabilities		**8**	5
EQUITY			
Share capital	9	**-**	-
Retained profits		**3**	6
Total equity		**3**	6
Total equity and liabilities		**11**	11

The notes on pages 9 to 12 are an integral part of these financial statements.

The financial statements on pages 5 to 12 were approved by the board of directors and were signed on its behalf by:

M B Andrews
Director

27 June 2014

Statement of changes in equity

For the year ended 31 December 2013

	Share capital £'000	Retained profits £'000	Total £'000
At 1 January 2012 and 31 December 2012	-	6	6
Loss for the year being total comprehensive expense	-	(3)	(3)
At 31 December 2013	**-**	**3**	**3**

The notes on pages 9 to 12 are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2013

	2013 £'000	2012 £'000
Cash flows used in operating activities		
Loss before tax	**(3)**	-
Net cash used in operating activities	**(3)**	-
Cash flows from financing activities		
Proceeds from borrowings with group undertakings	**3**	-
Net cash from financing activities	**3**	-
Net increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of year	**-**	-

The notes on pages 9 to 12 are an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2013

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 in 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 Standards - Interpretations Committee ("IFRS - IC") and its predecessor body.

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

(i) Improvements to IFRSs (issued May 2012). These amendments include amendments to IFRS standards as part of the annual improvements process. Most amendments clarify existing practice. The application of this pronouncement has not had any impact for amounts recognised in these financial statements.

(ii) IFRS 13 Fair value measurement. The amendment sets out a single IFRS framework for the measurement of fair value and the related disclosure requirements. The application of this pronouncement 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 2013 and which have not been applied in preparing these financial statements are given in note 15.

The financial statements have been prepared on a going concern basis as detailed in the Directors' report and 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 is included at historical purchase cost less depreciation and any impairment allowance. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The value of land is not depreciated. Depreciation is calculated using the straight line method to allocate the difference between the cost and expected residual value over the period of the lease. The useful life of all items of Property, plant and equipment is 1 to 5 years.

1.4 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.

1.5 Taxation

Current tax which is payable or receivable on taxable profits or losses is recognised as an expense or credit in the period in which the profits or losses arise.

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

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 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

	2013 £'000	2012 £'000
Other operating expenses	3	-

Fees payable to the Company's auditors for the audit of the financial statements of £2,000 (2012: £0) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

The Company did not have any employees during the year (2012: none).

No director received any fees or emoluments during the year (2012: £nil). The directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 10).

5. Taxation

	2013 £'000	2012 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable loss for the year	-	-

Corporation tax is calculated at a rate of 23.25% (2012: 24.5%) of the taxable loss for the year.

b) Factors affecting the tax charge for the year

Where taxation on the Company's loss for the year differs from the taxation charge that would arise using the standard rate of corporation tax of 23.25% (2012: 24.50%), the differences are explained below:

	2013 £'000	2012 £'000
Loss before tax	(3)	-
Tax charge thereon at UK corporation tax rate of 23.25% (2012: 24.50%)	(1)	-
Factors affecting charge:		
- Non-allowable and non-taxable items	1	-
Tax on loss on ordinary activities	-	-
Effective rate	0.0%	0.0%

The Finance Act 2012, which was substantively enacted on 3 July 2012, included legislation to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013. In addition, the Finance Act 2013, which was substantively enacted on 2 July 2013, included legislation to reduce the main rate of corporation tax 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

Notes to the financial statements (continued)
For the year ended 31 December 2013

6. Other current assets

	2013 £'000	2012 £'000
Amounts due from group undertakings (see note 10)	**6**	6

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

7. Property, plant and equipment

	Land £'000
Cost	
At 31 Dec 2012 and 31 December 2013	5

8. Borrowed funds

	2013 £'000	2012 £'000
Amounts due to group undertakings (see note 10)	**8**	5

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

9. Share capital

	2013 £'000	2012 £'000
Allotted, issued and fully paid		
2 ordinary shares of £1 each	-	-

During the year, as permitted by the Companies Act 2006, the Company removed references to authorised share capital from its articles of association.

10. Related party transactions

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

	2013 £'000	2012 £'000
Amounts due from group undertakings		
Lloyds Bank plc (see note 6)	**6**	6
Amounts due to group undertakings		
Lloyds Bank plc (see note 8)	**8**	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 is comprised of 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 Group and consider that their services to the Company are incidental to their other activities within the Group.

UK Government

In January 2009, the UK Government through HM Treasury became a related party of Lloyds Banking Group plc, the Company's ultimate parent company, following its subscription for ordinary shares issued under a placing and open offer. As at 31 December 2013, HM Treasury retained a significant interest in Lloyds Banking Group plc's ordinary share capital and consequently HM Treasury remained a related party of the Company during the year ended 31 December 2013.

11. Financial risk management

A description of the nature and mitigation of key risks facing the Company is provided in note 2. A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

11.1 Financial strategy

The Company does not trade in financial instruments, nor does it use derivatives.

11.2 Fair values of financial assets and liabilities

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value.

12. 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.

13. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the balance sheet date (2012: £nil).

14. Post balance sheet events

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

15. Future developments

The following pronouncement will be relevant to the Company but was not effective at 31 December 2013 and has not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
Annual improvement to IFRSs (issued December 2013) [1]	A collection of amendments to IFRSs from the 2010 - 12 and 2011 - 13 cycle of the annual improvements projects.	Annual periods beginning on or after 1 July 2014.

1. At the date of this report, this pronouncement is awaiting EU endorsement.

The full impact of this pronouncement is being assessed by the Company. However, the initial view is that the pronouncement is not expected to cause any material adjustments to the reported numbers in the financial statements.

16. Other information

The immediate parent company is Lloyds 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 financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent undertaking of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN.