

Registration No 3850542

CLERICAL MEDICAL FINANCE PLC

INTERIM MANAGEMENT STATEMENT 2009

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# **CLERICAL MEDICAL FINANCE PLC**

## **INTERIM MANAGEMENT STATEMENT**

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## **CLERICAL MEDICAL FINANCE PLC**

### **INTERIM MANAGEMENT REPORT**

The Directors present their Report and the unaudited Financial Statements for the half year ended 30 June 2009.

#### **BUSINESS REVIEW**

The principal activity of Clerical Medical Finance Plc ("the Company") is to act as a finance company for Clerical Medical Investment Group Limited, a fellow subsidiary undertaking. In consequence, subordinated debt raised by the Company is loaned to Clerical Medical Investment Group Limited on similar interest and repayment terms as those applied to the subordinated debt raised by the Company.

#### **RISK MANAGEMENT**

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business. Management employs appropriate policies to manage these risks. Details of risk management are disclosed within note 11.

#### **RELATED PARTY TRANSACTIONS**

There has been no change in the nature of the related party transactions of the Company in the period up to 30 June 2009. Related party transactions in the form of intercompany loan balances form a significant part of the Company's activities and the details of these transactions are included within note 12 to the accounts.

#### **PERFORMANCE**

The Company made a loss after taxation of £29,000 in the half year to 30 June 2009 (30 June 2008 profit: £123,000). The loss is principally a result of foreign exchange movements.

No interim dividends were paid in the year (30 June 2008: £nil).

The gross value of the subordinated assets at the half year ended 30 June 2009 was £1,203,851,473 (31 Dec 2008: £1,319,519,000). The decrease is due to a loss on foreign exchange during the period. Interest income receivable on the subordinated debt as a percentage of the average subordinated debt in the half year ended 30 June 2009 was 2.85% (30 June 2008: 2.70%). The decrease is a result of foreign exchange movements throughout the period.

The gross value of the subordinated liabilities at the half year ended 30 June 2009 was £1,203,058,505 (31 Dec 2008: £1,318,678,383). The decrease is due to a gain on foreign exchange during the period. The interest expense payable on the subordinated liabilities as a percentage of the average subordinated liabilities during the period was 2.82% (30 June 2008: 2.71%). The decrease is a result of foreign exchange movements throughout the period.

The Directors have chosen Key Performance Indicators they consider appropriate to the principal activity of the Company.

#### **FUTURE DEVELOPMENTS**

The principal activity of the company will continue to be to act as a finance company for Clerical Medical Investment Group Limited. Therefore fluctuations in exchange rates will continue to be the main factor affecting the performance and position of the Company.

## **CLERICAL MEDICAL FINANCE PLC**

### **INTERIM MANAGEMENT REPORT (CONT)**

#### **GOING CONCERN**

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the accounts.

#### **POST BALANCE SHEET EVENTS**

On 30 June 2009 the Company's ultimate parent, Lloyds Banking Group plc, invited all holders of the existing Subordinated Guaranteed Bonds to exchange any or all of their existing notes for senior unsecured New Notes subject to certain terms and conditions. This exchange, for £617m of the nominal value of the bonds, was completed on 10 July 2009.

Subsequent to this exchange the Company repurchased the exchanged Subordinated Guaranteed Bonds from its ultimate parent on 27 July 2009. As the cost of redeeming these bonds at market value was less than their nominal value a profit of £265m has been recognised in the second half of 2009.

#### **ULTIMATE PARENT COMPANY**

As at 30 June 2009, the Company's immediate parent company was HBOS Financial Services Limited.

Prior to 16th January 2009, HBOS plc was the ultimate parent undertaking of the Company. Copies of the annual report and accounts of HBOS plc for the year ended 31 December 2008 may be obtained from HBOS plc's registered office at The Mound, Edinburgh, EH1 1YZ.

From 16th January 2009, the Company's ultimate parent undertaking and controlling party is Lloyds Banking Group plc (formerly Lloyds TSB Group) which is incorporated in Scotland. Lloyds Banking Group plc will produce consolidated accounts for the year ended 31 December 2009. Copies of the annual report and accounts of Lloyds TSB Group plc for the year ended 31 December 2008 may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London EC2V 7HN.

## CLERICAL MEDICAL FINANCE PLC

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE HALF YEAR RESULTS

The Directors listed below (being all the Directors of the Company) are responsible for preparing the Half Year Results in accordance with applicable law and regulations. The Directors are required to prepare the condensed financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union ('EU') and to disclose in the interim management report a fair review of the information required under sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules. These include an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements; a description of the principal risks and uncertainties for the remaining six months of the financial year; any related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance during the period; and any changes in the related party transactions described in the last annual financial statements.

#### Clerical Medical Finance Plc Board of Directors

##### Directors

S J Colsell	Resigned 01/06/2009
J Dawson	Resigned 01/06/2009
T A Leonard	Appointed 01/06/2009
J Van Der Wielen	Appointed 01/06/2009

# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) CONDENSED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2009

	Note	Six months ended	
		30 June 2009 £000	30 June 2008 £000
Operating Income	1	33,639	30,627
Operating Expenses	2	<u>(33,679)</u>	<u>(30,455)</u>
<b>Operating (Loss)/Profit</b>		<b>(40)</b>	<b>172</b>
Administrative Expenses		-	-
<b>(Loss)/Profit before Tax</b>	3	<b>(40)</b>	<b>172</b>
Income Tax Credit/(Expense)	4	11	(49)
<b>Total comprehensive income for the period</b>		<b><u>(29)</u></b>	<b><u>123</u></b>

There are no recognised gains and losses other than the profit for the year shown above. Accordingly no statement of recognised gains and losses has been prepared.

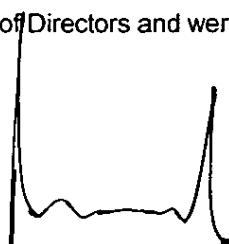
The notes on pages 10 to 18 form part of these accounts.

## CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) CONDENSED BALANCE SHEET AS AT 30 JUNE 2009

	Note	As at 30 June 2009 £000	As at 31 Dec 2008 £000
<b>Assets</b>			
Trade and Other Receivables	5	1,164,433	1,281,974
<b>Total Non-Current Assets</b>		<b>1,164,433</b>	<b>1,281,974</b>
Trade and Other Receivables	5	40,046	38,172
Cash and Cash Equivalents	6	223	223
<b>Total Current Assets</b>		<b>40,269</b>	<b>38,395</b>
<b>Total Assets</b>		<b>1,204,702</b>	<b>1,320,369</b>
<b>Equity</b>			
Issued Share Capital	7	225	225
Retained Earnings		1,028	1,057
<b>Total Equity</b>		<b>1,253</b>	<b>1,282</b>
<b>Liabilities</b>			
Interest-Bearing Loans and Borrowings	9	1,171,309	1,288,719
<b>Total Non-Current Liabilities</b>		<b>1,171,309</b>	<b>1,288,719</b>
Interest-Bearing Loans and Borrowings	9	31,750	29,960
Trade and Other Payables	8	258	265
Current Tax Liabilities	10	132	143
<b>Total Current Liabilities</b>		<b>32,140</b>	<b>30,368</b>
<b>Total Liabilities</b>		<b>1,203,449</b>	<b>1,319,087</b>
<b>Total Equity and Liabilities</b>		<b>1,204,702</b>	<b>1,320,369</b>

These accounts were approved by the Board of Directors and were signed on its behalf by:



T. A. Leonard

DIRECTOR

26 August 2009

The notes on pages 10 to 18 form part of these accounts.

**CLERICAL MEDICAL FINANCE PLC**

**(UNAUDITED) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED  
30 JUNE 2009**

	<b>Issued Share Capital £000</b>	<b>Retained Earnings £000</b>	<b>Total £000</b>
Balance at 1 January 2008	225	697	922
Profit for the year	-	360	360
Balance at 31 December 2008	<u>225</u>	<u>1,057</u>	<u>1,282</u>
Balance at 1 January 2009	225	1,057	1,282
Loss for the year	-	(29)	(29)
Balance at 30 June 2009	<u>225</u>	<u>1,028</u>	<u>1,253</u>

The notes on pages 10 to 18 form part of these accounts.



**CLERICAL MEDICAL FINANCE PLC**

**(UNAUDITED) CASHFLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2009**

	<b>Note</b>	<b>As at 30 June 2009 £000</b>	<b>As at 30 June 2008 £000</b>
(Loss)/Profit before Tax for the Period		(40)	172
Adjustments for Non-Cash Items:			
Amortisation of Subordinated Debt		(685)	(1,101)
Movement in Payables		(7)	-
Movement in Receivables		115,667	(72,762)
Movement in Subordinated Liabilities		(114,935)	73,691
<b>Net Cash Flow from Operating Activities</b>		<u>-</u>	<u>-</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		<u>-</u>	<u>-</u>
<b>Cash and Cash Equivalents at 1 January</b>		223	259
<b>Cash and Cash Equivalents at 30 June</b>	<b>6</b>	<u><b>223</b></u>	<u><b>259</b></u>

The notes on pages 10 to 18 form part of these accounts.

## **CLERICAL MEDICAL FINANCE PLC**

### **(UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009**

#### **Basis of Preparation**

The condensed consolidated Half Year financial statements ('condensed financial statements') have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and the Disclosure & Transparency Rules issued by the Financial Services Authority. These are unaudited and they do not include all of the information required in preparing full annual financial statements. They should be read in conjunction with the Company's accounts the period ended 31 December 2008, copies of which are available upon request from 33 Old Broad Street, London, EC2N 1HZ.

#### **Section 434 Statement**

The comparative figures for the year ended 31 December 2008 included in these condensed financial statements do not constitute the Company's statutory accounts for that financial year within the meaning of section 434 of the Companies Act 2006 but are derived from the 2008 Annual Report & Accounts. Those accounts, which were prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the EU were approved by the Board of Directors on 23 March 2009 and have been delivered to the Registrar of Companies. Those accounts have been reported on by the Company's auditors, their report is unqualified and does not contain statements under Section 237(2) or (3) of the Companies Act 1985.

#### **Accounting Policies**

The Half Year financial statements have been prepared on the basis of the accounting policies as applied and disclosed in the financial statements for the year ended 31 December 2008.

#### **Critical Accounting Judgements**

The preparation of the financial statements necessarily requires the exercise of judgement in the application of accounting policies. These judgements are continually reviewed and evaluated based on historical experience and other factors. During the half year to 30 June 2009 the Company's critical accounting judgements have been reviewed with the conclusion that there are no changes to those that were reported in the accounting policy section of the financial statements for the year ended 31 December 2008.

#### **Critical Accounting Estimates**

The preparation of the financial statements requires the Company to make estimations where uncertainty exists. The principal critical accounting estimates made by the Company are considered below. Disclosures about estimates and the related assumptions are also included in the appropriate Note. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009

### 1. OPERATING INCOME

	Six months ended	
	30 June 2009	30 June 2008
	£000	£000
Interest received on subordinated loan	33,797	30,553
Gain on foreign currency exchange	(158)	74
	<u>33,639</u>	<u>30,627</u>

### 2. OPERATING EXPENSES

	Six months ended	
	30 June 2009	30 June 2008
	£000	£000
Interest paid on bonds issued	33,104	29,839
Amortisation of finance costs on subordinated debt	575	616
	<u>33,679</u>	<u>30,455</u>

### 3. PROFIT BEFORE TAX

The Company has no employees (2008: no employees).

The remuneration, including VAT, of the Auditor for the period was:

	Six months ended	
	30 June 2009	30 June 2008
	£000	£000
Statutory Audit Services	-	-
	<u>-</u>	<u>-</u>

# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009 (CONT)

### 4 INCOME TAX EXPENSE

The charge for taxation comprises:

	Six months ended	
	30 June 2009	30 June 2008
	£000	£000
<b>Tax on Profit on Ordinary Activities</b>		
<u>Current Tax</u>		
Corporation tax (credit)/charge for the period at a rate of 28% (2008: 28.5%)	(11)	49
	<u>(11)</u>	<u>49</u>
<u>Reconciliation of effective tax rate</u>		
	Six months ended	
	30 June 2009	30 June 2008
	£000	£000
(Loss)/Profit on ordinary activities before taxation	(40)	172
(Loss)/Profit multiplied by the standard rate of corporation tax in the UK	(11)	49
Tax (Credit)/Charge	<u>(11)</u>	<u>49</u>

The liability for deferred taxation is £nil (2008: £nil)

### 5. TRADE AND OTHER RECEIVABLES

The receivables relate to funds deposited with Clerical Medical Investment Group Limited (CMIGL). The deposits bear nominal interest between 4.27% and 7.61% depending on the terms of the specific deposit.

Receivables are analysed as follows:

	As at 30 June 2009 £000	As at 31 Dec 2008 £000
Other amounts due within one year owed by group undertakings	627	627
Amounts due within one year in respect of accrued interest	35,515	33,211
Amounts due within one year in respect of amortisation of finance costs	3,904	4,334
Amounts owed by group undertakings due within one year	<u>40,046</u>	<u>38,172</u>
Amounts due after one year in respect of capital amounts	1,164,433	1,281,974
Trade and other receivables	<u>1,204,479</u>	<u>1,320,146</u>

**CLERICAL MEDICAL FINANCE PLC**

**(UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009 (CONT)**

**6. CASH AND CASH EQUIVALENTS**

	<b>As at 30 June 2009 £000</b>	<b>As at 31 Dec 2008 £000</b>
Bank balances	223	223

**7. CAPITAL AND RESERVES**

**Issued share capital**

	<b>Ordinary Shares</b>	
	<b>As at 30 June 2009 £000</b>	<b>As at 31 Dec 2008 £000</b>
Authorised ordinary equity shares of £1 each	225	225
Issued and fully paid	<u>225</u>	<u>225</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**8 TRADE AND OTHER PAYABLES**

	<b>As at 30.06.2009 £000</b>	<b>As at 31.12.2008 £000</b>
Amounts due to Group undertakings	<u>258</u>	<u>265</u>
	258	265

# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009 (CONT)

### 9. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate and foreign currency risk, see Note 11.

	As at 30 June 2009 £000	As at 31 Dec 2008 £000
<b>Non-current liabilities</b>		
Subordinated guaranteed bonds	1,171,309	1,288,719
	<u>1,171,309</u>	<u>1,288,719</u>
<b>Current liabilities</b>		
Accrued interest on subordinated guaranteed bonds	31,750	29,960
	<u>31,750</u>	<u>29,960</u>

On 24 June 2005 the Company issued €750m of 4.25% undated Subordinated Guaranteed Bonds. Redemption of the bonds is at the option of the Company and is generally not allowable prior to June 2014, after which time if the bond has not been redeemed floating rate interest is payable.

On 5 July 2001 the Company issued €400m of 6.45% dated Subordinated Guaranteed Bonds maturing on 5 July 2023. Redemption of the bonds is at the discretion of HBOS Financial Services Limited and is generally not allowable prior to July 2013, after which time if the bond has not been redeemed floating rate interest is payable.

The Company has previously issued £200m of 7.375% undated Subordinated Guaranteed Bonds, the redemption of which is at the discretion of the Group and is generally not allowable prior to 5 November 2019.

The bonds are guaranteed on a subordinated basis, by Clerical Medical Investment Group Limited (CMIGL), a wholly owned subsidiary of the Group, after the claims of CMIGL's senior creditors including all policyholders.

The proceeds of each bond issue were loaned to CMIGL on similar interest, repayment and subordination terms as those applicable to the Bonds.

#### Terms and debt repayment schedule

	Total £000	Less than 1 year £000	1-2 years £000	2-5 years £000	More than 5 years £000
Subordinated Guaranteed Bonds:					
GBP – variable at 7.375%	200,000	-	-	-	200,000
Euro – variable at 6.45%	340,681	-	-	-	340,681
Euro – variable at 4.25%	638,776	-	-	-	638,776
	<u>1,179,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,179,457</u>

# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009 (CONT)

### 9. INTEREST-BEARING LOANS AND BORROWINGS (CONT)

#### Amortisation schedule for subordinated debt

	As at 30 June 2009 £000	As at 31 Dec 2008 £000
Nominal value	1,179,457	1,298,314
Amortisation in one year	(1,326)	(1,452)
Amortisation two to five years	(5,219)	(5,719)
Amortisation over five years	(1,603)	(2,424)
Closing nominal value	<u>1,171,309</u>	<u>1,288,719</u>

### 10. TAXATION

	As at 30 June 2009 £000	As at 31 Dec 2008 £000
Corporation Tax	<u>132</u>	<u>143</u>
	<u>132</u>	<u>143</u>

### 11. PRINCIPAL RISKS & UNCERTAINTIES

The principal activity of the Company is to act as a finance company for Clerical Medical Investment Group Limited, a fellow subsidiary undertaking. In consequence, subordinated debt raised by the Company is loaned to Clerical Medical Investment Group Limited on similar interest, repayment and subordinated terms as those applied to the bonds. For further information see Note 9.

Exposure to credit, interest rates and currency risks arises in the normal course of the Company's business.

#### Market price & liquidity risk

Assets held are intercompany receivables with fixed rate interest terms and are virtually offset by external liabilities with fixed interest terms. Market and liquidity risk are therefore not considered to be significant due to contractual cash outflows being matched by contractual cash inflows.

#### Credit risk

At the balance sheet date there were no significant credit risks. Financial assets represent amounts due from Group undertakings.

#### Interest rate risk

#### *Effective interest rates and re-pricing analysis.*

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price.

# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) NOTES TO THE ACCOUNTS FOR THE YEAR HALF ENDED 30 JUNE 2009(CONT)

### 11. PRINCIPAL RISKS & UNCERTAINTIES (CONT)

		As at 30 June 2009					As at 31 Dec 2008			
	Note	Effective Interest Rate	Total	6 months or less	More than 5 years	Effective Interest Rate	Total	6 months or less	More than 5 years	
			£000	£000	£000		£000	£000	£000	
Cash and cash equivalents	6	0.50%	223	223	-	2.00%	223	223	-	
Loans to group undertaking	5									
GBP		7.80%	147,056	-	147,056	7.80%	147,056	-	147,056	
GBP		7.20%	50,252	-	50,252	7.20%	50,252	-	50,252	
Euro		6.60%	338,241	-	338,241	6.60%	379,323	-	379,323	
Euro		4.40%	628,885	-	628,885	4.40%	705,343	-	705,343	
Subordinated guaranteed bonds:	9									
GBP		7.60%	(148,470)	-	(148,470)	7.60%	(148,396)	-	(148,396)	
GBP		7.30%	(50,137)	-	(50,137)	7.30%	(50,143)	-	(50,143)	
Euro		6.50%	(339,863)	-	(339,863)	6.50%	(381,004)	-	(381,004)	
Euro		4.40%	(632,840)	-	(632,840)	4.40%	(709,174)	-	(709,174)	

### Sensitivity Analysis

The income statement and equity are not sensitive to changes in interest rates as all material holdings in financial instruments are on fixed terms.

### Foreign currency risk

The interest receivable and payable, and the value of the Company's assets and liabilities, may be affected by currency translation movements, as some of the assets and liabilities are denominated in currencies other than sterling which is the Company's functional currency. The Directors believe that the impacts of such moves are not significant since the assets of the Company held in currency are substantially matched by liabilities in the same currency.

The Company receives income and pays expenses in currencies other than sterling and the sterling values of these transactions can be affected by movements in exchange rates, likewise however the value of the income and expenses are substantially matched.

The value of the net asset exposure to currencies other than sterling during the half year (all Euro) is £930,000 (31 Dec 2008: £981,000).



# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009 (CONT)

### 11. PRINCIPAL RISKS & UNCERTAINTIES (CONT)

#### Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	As at 30 June 2009	As at 30 June 2009	As at 31 Dec 2008	As at 31 Dec 2008
	£000	£000	£000	£000
Cash and cash equivalents	223	223	223	223
Loan to group undertaking	1,164,433	638,434	1,281,974	799,116
Subordinated guaranteed bonds	(1,171,309)	(635,199)	(1,288,719)	(794,600)

The fair value of the subordinated guaranteed bonds is their open market value amortised to maturity. The carrying value in the accounts is their nominal value, likewise amortised.

#### Capital Management

The capital of the company is equivalent to total shareholders' equity. The Board's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

There have been no material changes in the Group's approach to capital management during the year.

### 12. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its ultimate controlling party Lloyds Banking Group Plc and a number of that company's fellow subsidiaries.

No Director has an interest in the voting shares of the Company itself.

During the half year ended 30 June 2009 the Company received/provided services in the normal course of business from/to related parties as set out below:

# CLERICAL MEDICAL FINANCE PLC

## (UNAUDITED) NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED 30 JUNE 2009 (CONT)

### 12. RELATED PARTY TRANSACTIONS (CONT)

Relationship	Transactions in the Period		Outstanding Balance	
	Six months to 30 June 2009	Six months to 30 June 2008	As at 30 June 2009	As at 31 Dec 2008
	£'000	£'000	£'000	£'000
<b>Parent</b>				
HBOS Financial Services Ltd - Recharges	-	(102)	(99)	(99)
<b>Other Group companies</b>				
Clerical Medical Investment Group Ltd - Loans and Interest receivable	34,305	30,560	1,595,335	1,712,396
Clerical Medical Investment Group Ltd - Interest	(27,148)	(25,204)	(390,856)	(392,416)
Bank of Scotland - Payables & recharges	-	-	(1)	(1)
<b>Total</b>	<b>7,157</b>	<b>5,254</b>	<b>1,204,379</b>	<b>1,319,880</b>

All the transactions summarised above were entered into on an arm's length basis. The amounts outstanding at the end of the period are included in other receivables / payables as appropriate and are repayable on demand unless otherwise specified in the relevant note. No dividends were received from, or paid to, related parties in either 2009 or 2008.

### Directors' emoluments

Directors provide services to a number of companies, in some cases including companies for which they do not act as Directors. Their benefits are allocated to the companies to which they provide services depending upon the proportion of their time that they spend on each company. The proportion of their benefits allocated to a company for which they act as Directors are disclosed in that company's financial statements. The Directors of the Company do not spend a significant proportion of their time providing services direct to the Company and consequently no Directors' emoluments are disclosed for the period (2008: nil). Their emoluments have been allocated to those companies on which they do spend a significant proportion of their time.