

Company No 04311952

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**IBRC EQUITY LIMITED**

**YEAR ENDED 31 DECEMBER 2012**

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## **IBRC EQUITY LIMITED**

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**IBRC EQUITY LIMITED****Directors**

F G Parker  
T P Walsh

**Secretary**

F G Parker

**Auditor**

Deloitte LLP  
London

**Bankers**

Irish Bank Resolution Corporation Limited - in special liquidation  
10 Old Jewry  
London  
EC2R 8DN

Barclays Bank plc  
Barclays Corporate  
Level 11  
1 Churchill Place  
London  
E14 5HP

**Registered office**

10 Old Jewry  
London  
EC2R 8DN

**Registered number**

04311952

**Country of incorporation**

United Kingdom

# **IBRC EQUITY LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of IBRC Equity Limited ('the Company') for the year ended 31 December 2012

### **1 PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company acts as a General Partner and has invested in a number of Limited Partnerships which give a specific return based on the agreement with the limited partnerships and their underlying subsidiaries, if any. The Company is not involved in any other business.

### **2. PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk facing the Company relates to its investments in two Limited Partnerships acting as a General Partner. The General Partner has first right to a specific profit from the underlying Limited Partnerships, but do not share in any losses unless the Limited Partnerships become insolvent when the Company then carries unlimited liability for the debts of the Limited Partnership. All remaining profits and losses are attributable to the Limited Partners. Consequently, as the Company does not share in losses of the underlying entities, the directors deem the risks to be minimal. The only significant risk the Company will experience is the volatility in the foreign exchange rate as the investment in one limited partnership is in US Dollars whereas the financial statements are prepared with Sterling as the functional currency. However, the investment is also funded in US Dollars thus eliminating the actual foreign exchange risk.

### **3 PARENT COMPANY**

The Company is a wholly owned subsidiary of Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'), incorporated in the Republic of Ireland, the parent undertaking.

### **4 RESULTS FOR THE YEAR AND STATE OF AFFAIRS AS AT 31 DECEMBER 2012**

The results for the year and the statement of financial position at 31 December 2012 are set out, respectively, on pages 8 and 9. The profit after taxation for the year amounted to £915,830 (2011: £Nil). Total shareholders' equity as at 31 December 2012 amounted to £916,123 (2011: £293).

### **5 EVENTS AFTER THE BALANCE SHEET DATE**

On 7 February 2013, the Irish Minister for Finance, made an Order pursuant to Section 4 of the Irish Bank Resolution Corporation Act, 2013 (the "Act") providing for the winding-up of the parent undertaking, Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'), under the provisions of the Act. Pursuant to the same Order, Mr Kieran Wallace and Mr Eamonn Richardson (the "Joint Special Liquidators") of KPMG, 1 Stokes Place, St Stephen's Green, Dublin 2 were appointed joint special liquidators of IBRC with all of the duties and powers conferred upon them by the Act.

### **6 DIVIDEND**

The directors do not propose the payment of a dividend in respect of the year ended 31 December 2012 (2011: £Nil).

## **IBRC EQUITY LIMITED**

### **DIRECTORS' REPORT** continued

#### **7 GOING CONCERN**

The Company's business activities, through its investments, remain impacted by the current financial and economic crisis resulting in a loss for the year

As stated in section 5 above, the parent of the Company - IBRC, entered into special liquidation on 7 February 2013. This situation and the general position of the Company's investments have the following key potential implications for the Company's future performance

- The Company is owed £525,890 from IBRC at 31 December 2012. This became an unsecured creditor of IBRC under the special liquidation. It is unknown if this will be recoverable from the estate of IBRC and therefore it is expected that a provision will be required against some or all of the amounts due to the Company from IBRC in the 2013 financial statements
- The Company may be required to sell its interest in its investments which are generally illiquid and may give rise to minimal return of the Company's original investment
- The main investments are in entities which are invested in the UK and US secondary property market where valuations have deteriorated significantly in recent years. If those assets were required to be realised in the current market it is likely that none of the Company's investment may be recoverable
- The Company has historically relied upon the services of employees and the systems of IBRC to perform its business as the Company has no employees. A Transitional Services Agreement has been entered into with the joint special liquidators of IBRC to permit IBRC to continue to perform services for the Company initially for a period of six months and renewable automatically on a monthly basis thereafter

These conditions indicate the existence of a material uncertainty that may cause significant doubt on the Company's ability to continue as a going concern

As IBRC is now in special liquidation all funds received by the Company are no longer automatically transferred to IBRC and are being retained on deposit at external banks

The Company has minimal creditors, with the only creditors being other group entities. As such it is the Company's intention to continue to operate as a going concern whereby the Company's strategy is to maximise the realisation of its investments in a timely fashion

On the basis of the above assessment, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements, recognising that the Company's intention is the orderly realisation of its assets

#### **8 KEY PERFORMANCE INDICATORS**

Given the limited scope and nature of the business, the Directors are of the opinion that key performance indicators or other forms of performance measurement are not necessary in providing an understanding of the development, performance or position of the Company

#### **9 FUTURE DEVELOPMENTS**

As indicated in section 7 - Going Concern, the key focus of the Company going forward will be the orderly realisation of its assets

## **IBRC EQUITY LIMITED**

### **DIRECTORS' REPORT** continued

#### **10 DIRECTORS AND SECRETARY**

F G Parker and T P Walsh served as directors throughout the year and will continue in office in accordance with the articles of association. F G Parker served as secretary throughout the year. The directors and secretary had no interest in the shares of the Company during the year.

#### **11. DIRECTORS' INDEMNITIES**

The parent company has made qualifying third party indemnity provisions for the benefit of the Company's Directors which were made in a previous period. As IBRC is now in special liquidation it is expected that such indemnities have ceased to have any benefit at the date of this report.

#### **12 PAYMENT OF CREDITORS**

As the Company is a holding company for a number of investments it does not have trade creditors. In the event that the Company did have such creditors in the future, it is the Company's policy to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

#### **13 AUDITORS**

Each of the persons who is a director at the date of approval of the report confirms that

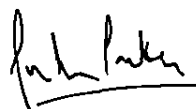
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's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

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

REGISTERED OFFICE  
10 Old Jewry  
London  
EC2R 8DN

ON BEHALF OF THE BOARD



F G Parker - Director

Date 31 October 2013

## **IBRC EQUITY LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards as adopted by the European Union (IFRS)

Company Law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, International Accounting Standards requires that directors

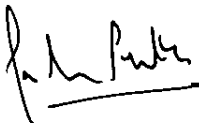
- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements

The directors are required to prepare the financial statements on the going concern basis, unless it is not appropriate. Further details are given in section 7 of the Directors' Report.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors confirm that, to the best of their knowledge, they have complied with these requirements in preparing the financial statements, including preparation of these financial statements in accordance with IFRS. Under applicable laws and regulations, the directors also have responsibility for preparing a Directors' Report, as set out on pages 2 to 4 that complies with that law and those regulations.

BY ORDER OF THE BOARD



F G Parker  
Director

Date 31 October 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC EQUITY LIMITED**

We have audited the financial statements of IBRC Equity Limited ('the Company') for the year ended 31 December 2012 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union (IFRS).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and independent auditor**

As explained more fully in the Statement of Directors' Responsibilities, 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.

### **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 annual report 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 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 2012 and of its profit 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBRC EQUITY LIMITED continued**

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1.3 to the financial statements, concerning the Company's ability to continue as a going concern. On 7 February 2013, the ultimate parent of the Company, IBRC, entered into special liquidation, which has potential implications for the Company in relation to the recovery of the balances due from IBRC and the continuation of servicing arrangements for the Company by IBRC. These conditions, along with the other matters explained in note 1.3 of the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **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.

### **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.



Caroline Britton (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
Date 31 October 2013

**IBRC EQUITY LIMITED****Statement of comprehensive income****For the year ended 31 December 2012**

		<b>Year ended 31 Dec 2012</b>	<b>Year ended 31 Dec 2011</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Continuing operations</b>			
<b>Revenue</b>	3	985,781	-
Administrative expenses		(1,050)	-
Profit before taxation	4	984,731	-
Taxation charge	6	(68,901)	-
<b>Profit for the year</b>		915,830	-
Other comprehensive income for the year		-	-
<b>Total comprehensive result for the year attributable to the equity holders of the Company</b>		915,830	-

The notes on pages 12 - 20 form part of these financial statements

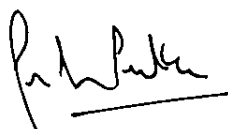
**IBRC EQUITY LIMITED****Statement of financial position****As at 31 December 2012**

		<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Non-current assets</b>			
Investment in limited partnerships	7	18,557	19,368
		<u>18,557</u>	<u>19,368</u>
<b>Current assets</b>			
Other assets	8	967,517	548,857
		<u>967,517</u>	<u>548,857</u>
<b>Total assets</b>		<u><u>986,074</u></u>	<u><u>568,225</u></u>
<b>Current liabilities</b>			
Other liabilities	9	68,901	567,932
Accruals		1,050	-
		<u>69,951</u>	<u>567,932</u>
<b>Total liabilities</b>		<u>69,951</u>	<u>567,932</u>
<b>Shareholders' equity</b>			
Share capital	10	1	1
Retained profits		916,122	292
Shareholders' funds		<u>916,123</u>	<u>293</u>
<b>Total shareholders' equity and liabilities</b>		<u><u>986,074</u></u>	<u><u>568,225</u></u>

The notes on pages 12 - 20 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 31 October 2013

They were signed on its behalf by



F G Parker

Director

Date 31 October 2013

Company number 04311952

**IBRC EQUITY LIMITED****Statement of changes in equity****For the year ended 31 December 2012**

	<b>Share Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 31 December 2010</b>	1	292	293
Result for the year	-	-	-
<b>Balance at 31 December 2011</b>	1	292	293
Result for the year	-	915,830	915,830
<b>Balance at 31 December 2012</b>	1	916,122	916,123

The notes on pages 12 - 20 form part of these financial statements

# **IBRC EQUITY LIMITED**

## **Statement of cash flows**

**For the year ended 31 December 2011**

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Profit before taxation	984,731	-
<b>Adjustment for non-cash items</b>		
Profit share due from investments	(441,627)	-
Profit share received from investments in previous years now recognised	(544,154)	-
Net decrease in accruals and deferred income	1,050	-
	-	-
<b>Changes in operating assets and liabilities</b>		
Net decrease in other liabilities	-	1,181
Foreign exchange movements	(22,967)	-
<b>Net cash flows (used in) / from operating activities before taxation</b>	(22,967)	1,181
Taxation received	-	-
<b>Net cash flows (used in) / from operating activities after taxation</b>	(22,967)	1,181
<b>Cash flows from investing activities</b>		
Investment in Limited Partnerships	-	-
<b>Net cash flow (used in) / from investing activities</b>	(22,967)	1,181
<b>Net (decrease) / increase in cash and cash equivalents</b>	(22,967)	1,181
Opening cash and cash equivalents	548,857	547,676
<b>Closing cash and cash equivalents</b>	525,890	548,857

# **IBRC EQUITY LIMITED**

## **Notes to the financial statements**

### **1 General information and accounting policies**

#### **1.1 General information**

The Company is a private limited company registered in England and Wales and acts as a general partner to two Limited Partnerships

#### **1.2 Basis of preparation**

The financial statements have been presented in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and applied in accordance with the Companies Act 2006, and as applicable at 31 December 2012

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities to the extent required or permitted under accounting standards as set out in the relevant accounting policies. They are presented in Sterling

#### **1.3 Going concern**

The Company's business activities, through its investments, remain impacted by the current financial and economic crisis resulting in a loss for the year

As described in section 5 of the Directors Report, the parent of the Company - IBRC, entered into special liquidation on 7 February 2013. This situation and the general position of the Company's investments have the following key potential implications for the Company's future performance

- The Company is owed £525,890 from IBRC at 31 December 2012. This became an unsecured creditor of IBRC under the special liquidation. It is unknown if this will be recoverable from the estate of IBRC and therefore it is expected that a provision will be required against some or all of the amounts due to the Company from IBRC in the 2013 financial statements
- The Company may be required to sell its interest in its investments which are generally illiquid and may give rise to minimal return of the Company's original investment
- The main investments are in entities which are invested in the UK and US secondary property market where valuations have deteriorated significantly in recent years. If those assets were required to be realised in the current market it is likely that none of the Company's investment may be recoverable
- The Company has historically relied upon the services of employees and the systems of IBRC to perform its business as the Company has no employees. A Transitional Services Agreement has been entered into with the joint special liquidators of IBRC to permit IBRC to continue to perform services for the Company initially for a period of six months and renewable automatically on a monthly basis thereafter

These conditions indicate the existence of a material uncertainty that may cause significant doubt on the Company's ability to continue as a going concern and therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business

The Company has minimal creditors, with the only creditors being other group entities. As such it is the Company's intention to continue to operate as a going concern whereby the Company's strategy is to maximise the realisation of its investments in a timely fashion

## **IBRC EQUITY LIMITED**

### **Notes to the financial statements continued**

#### **1 General information and accounting policies continued**

##### **1.3 Going concern continued**

On the basis of the above assessment, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements, recognising that the Company's key objective is the orderly realisation of its assets

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. UK Company law and IFRS require the Directors, in preparing the Company's financial statements, to select multiple accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. A description of the significant accounting estimates and judgements is set out in note 1.10.

##### **1.4 Adoption of new accounting standards**

A number of amendments and interpretation to IFRS have been published that first apply from 1 January 2012. These have not resulted in any material changes to the Company's accounting policies.

##### **1.5 Revenue recognition**

Revenue represents the partnership profits receivable including income and gains on investment interests, and is stated net of VAT. The Company's revenue derives from its investment in Anglo Irish Federal Street UK LP. It is stated net of any US withholding tax by Anglo Irish Federal Street UK LP.

##### **1.5 Investment in a Limited Partnership**

The investment in subsidiary undertaking is reflected in the statement of financial position at cost less provision for impairment.

##### **1.6 Foreign currency translation**

###### *Functional and presentational currency*

The financial statements are presented in Sterling, which is the Company's functional and presentational currency.

###### *Transactions and balances*

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are recognised in the statement of comprehensive income. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## **IBRC EQUITY LIMITED**

### **Notes to the financial statements continued**

#### **1 General information and accounting policies continued**

##### **1.7 Financial assets**

Financial assets are classified as loans and receivables and relate to amounts due from the parent undertaking. Management determines the classification of its investments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money to a counterparty with no intention of trading the receivables. Loans and receivables are initially recognised at fair value, including direct and incremental costs, and are subsequently carried on an amortised cost basis. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

##### **1.8 Impairment of financial assets**

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of permanent impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of a financial asset exceeds its long-term estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

##### **1.9 Financial liabilities**

Financial liabilities are initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at either amortised cost or fair value through profit or loss. All liabilities, other than those designated at fair value through profit or loss, are subsequently carried at amortised cost. For financial liabilities measured at amortised cost, any difference between initial fair value and the redemption value is recognised in the statement of comprehensive income using the effective interest rate method.

##### **1.10 Accounting estimates and judgements**

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The particular accounting policies adopted by the company are not subject to estimates and judgements which would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than as described in these financial statements.



## **IBRC EQUITY LIMITED**

### **Notes to the financial statements continued**

#### **1 General information and accounting policies continued**

##### **1 11 Standards issued but not yet effective**

The Company has not applied the following new standards, amendments to standards and interpretations (IFRICs) that have been approved by the International Accounting Standards Board and which would be applicable to the Company with an effective date after the date of these financial statements

The Company has not applied the following new standards, amendments to standards and interpretations (IFRICs) that have been approved by the International Accounting Standards Board and which would be applicable to the Company with an effective date after the date of these financial statements

The following will be applied in 2013

Amendments to IFRS 7 - Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities

IFRS 12 - Disclosure of Involvement with Other Entities

Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income

The following will be applied in 2014

Amendments to IAS 32 Presentation - Offsetting Financial Assets and Financial Liabilities

The following will be applied in 2015

IFRS 9 - Financial Instruments

In 2009 and 2010, the IASB issued IFRS 9 Financial Instruments which contains new requirements for accounting for financial assets and liabilities and will contain new requirements for impairment and hedge accounting, replacing the corresponding requirements in IAS 39. It will lead to significant changes in the way that the Company accounts for financial instruments. The key changes issued and proposed which may impact the Company relate to

- *Financial assets* Financial assets will be held at either fair value or amortised cost, except for equity investments not held for trading and certain eligible debt instruments, which may be held at fair value through other comprehensive income, and

- *Impairment* Credit losses expected (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances

Adoption is not mandatory until periods beginning on or after 1 January 2015, subject to EU endorsement. Earlier adoption is possible, subject to endorsement. At this stage, it is not possible to determine the potential financial impacts of adoption on the Company.

##### **1 12 Statement of cash flows**

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits, including any loans to the parent undertaking which acts as the Company's bankers. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

#### **2 Segmental reporting**

Due to the Company's minimal activity, it does not have any segments for segmental reporting purposes.

## IBRC EQUITY LIMITED

### Notes to the financial statements continued

<b>3 Revenue</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>£</b>	<b>£</b>
Investment income and profit share	<u>985,781</u>	<u>-</u>

Revenue arises from the Company being entitled as a general partner to Anglo Irish Federal Street UK LP to a fixed profit share as defined in the Limited Partnership Agreement for Anglo Irish Federal Street UK LP

### 4 Directors' emoluments

Key management personnel who consist of directors of the Company are remunerated by the parent undertaking, Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC'). These directors are full time employees of IBRC and receive no additional remuneration for their services to the Company. The Company has no employees (2011 none)

### 5 Profit before taxation

The audit fee relating to the Company was £1,050 (year ended 31 December £1,000, borne by parent undertaking, IBRC)

<b>6 Taxation</b>	<b>Year ended 31 Dec 2012</b>	<b>Year ended 31 Dec 2011</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
- Current year	-	-
- Prior year	<u>68,901</u>	<u>-</u>
	<u>68,901</u>	<u>-</u>
Effective tax rate	<u>7%</u>	<u>0%</u>

The reconciliation of total tax on profit on ordinary activities at the standard corporation tax rate to the Company's actual total tax charge is analysed as follows

Profit before taxation	<u>984,731</u>	<u>-</u>
Profit on ordinary activities before taxation at 24.5% (2011 26.5%)	241,259	-
Effects of		
Share of partnership profits	32,269	-
Group relief at no cost - current year	(32,012)	-
Other	(241,516)	-
Prior year adjustments	<u>68,901</u>	<u>-</u>
Total taxation	<u>68,901</u>	<u>-</u>

The UK has passed legislation to reduce the UK tax rate from 26% to 24% from 1 April 2012 and to further reduce it to 23% from 1 April 2013, 21% from 1 April 2014 and 20% from 1 April 2015. As the Company has neither a deferred tax asset nor a deferred tax liability, there is no impact on the Company's results.

# IBRC EQUITY LIMITED

## Notes to the financial statements continued

<b>7 Investment in limited partnerships</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>£</b>	<b>£</b>
Investment in Anglo Insh Federal Street UK Limited Partnership	18,556	19,367
Investment in The Anglo Aggmore Limited Partnership	1	1
	<u>18,557</u>	<u>19,368</u>

<b>8 Other assets</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>£</b>	<b>£</b>
Profit share due from Anglo Insh Federal Street UK Limited Partnership	441,627	-
Amount due from parent undertaking	525,890	548,857
	<u>967,517</u>	<u>548,857</u>

Amounts due from the parent undertaking are provided interest free and with no fixed terms of repayment

As stated in Note 13, given the special liquidation of IBRC on 7 February 2013, amounts owed by the parent undertaking will become an unsecured creditor of IBRC in the special liquidation. Consequently, there is significant doubt over the recoverability of amounts due from the parent undertaking. Any charge to the income statement in respect of provision for impairment will be made in the 2013 financial statements of the Company given the entry of IBRC into special liquidation on 7 February 2013.

<b>9 Other liabilities</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>£</b>	<b>£</b>
Amounts owed to Anglo Insh Federal Street UK LP	-	567,932
Amount due to group undertakings	68,901	-
	<u>68,901</u>	<u>567,932</u>

Amounts due to group undertakings are provided interest free and with no fixed terms of repayment

The amounts owed to Anglo Insh Federal Street UK LP ('UKLP') arose due to their being no profits originally available in Taurus/Anglo 160 Federal Street Limited Partnership ('USLP'), the entity in which UKLP has invested. Sufficient profits existed in 2012 to enable the recognition of this distribution.

<b>10 Share capital</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
Ordinary shares of £1 each		
Authorised 1,000 Ordinary shares of £1	1,000	1,000
	<u>1</u>	<u>1</u>
Allotted, called up and unpaid		

## **IBRC EQUITY LIMITED**

### **Notes to the financial statements continued**

#### **11 Risk management and control**

As required by the Companies Act 2006, a description of the principal risks and uncertainties is incorporated within this note

##### **Impact of special liquidation of IBRC and Irish Government influence**

The Company is a 100% subsidiary of IBRC. As IBRC has now entered special liquidation on 7 February 2013, the management of IBRC has transferred to the joint special liquidators under Irish legislation known as the Irish Bank Resolution Corporation Act 2013 ("the Act"). As a result of the Act, the Irish Minister for Finance is in a position to exert significant influence over the Company through the joint special liquidators.

This situation has the following key potential implications for the Company's future performance:

- The Company is owed £525,890 from IBRC at 31 December 2012. This became an unsecured creditor of IBRC under the special liquidation. It is unknown if this will be recoverable from the estate of IBRC and therefore it is expected that a provision will be required against some or all of the amounts due to the Company from IBRC in the 2013 financial statements.
- The Company may be required to sell its interest in its investments which are generally illiquid and may give rise to minimal return of the Company's original investment.
- The main investments are in entities which are invested in the UK and US secondary property market where valuations have deteriorated significantly in recent years. If those assets were required to be realised in the current market it is likely that none of the Company's investment may be recoverable.
- The Company has historically relied upon the services of employees and the systems of IBRC to perform its business as the Company has no employees. A Transitional Services Agreement has been entered into with the joint special liquidators of IBRC to permit IBRC to continue to perform services for the Company initially for a period of six months and renewable automatically on a monthly basis thereafter.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Consequently, it is considered by the Directors that the special liquidation of IBRC may have a significant adverse impact on the results and financial position of the Company in 2013.

In order to effectively minimise the impact of these risks, the Directors have historically placed very significant reliance on the group processes and risk management framework of the parent, Irish Bank Resolution Corporation Limited - in special liquidation ("IBRC"), covering accountability, measurement reporting and management of risk throughout the IBRC Group, including the Company. However, given that IBRC was placed in special liquidation on 7 February 2013, the Directors will not be able to rely on group processes to a significant extent going forward.

## IBRC EQUITY LIMITED

### Notes to the financial statements continued

#### 11 Risk management and control

##### Credit risk

Credit risk is the risk that the Company will suffer financial loss from a counterparty failure to pay interest, repay capital or meet a commitment. The Company's only credit risk relates to its investment in two limited partnerships and amounts due from its parent undertaking, Irish Bank Resolution Corporation Limited - in special liquidation ('IBRC').

##### Maximum exposure to credit risk

As the Company's loan is to IBRC, the Company does not have an exposure to underlying industry or geographic sectors, apart from those of its parent undertaking.

##### Exposure in the statement of financial position

	31 Dec 2012	31 Dec 2011
	£	£
Investment in limited partnerships	18,557	19,368
Profit share due from Anglo Irish Federal Street UK Limited Partnership	441,627	-
Amounts due from parent undertaking	525,890	548,857
	<u>986,074</u>	<u>568,225</u>

##### Market risk

Market risk is the risk of a potential adverse change in income or financial position arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the statement of financial position. Market risk primarily arises from exposure to changes in exchange rates and interest rates.

The Company's investment of US\$30,000 in a limited partnership means that it has an exposure to foreign exchange risk. However, this is funded by a loan from the Company's parent undertaking of US\$30,000. Consequently the directors consider this risk to be minimal as there is no actual net currency risk exposure.

The Company's returns from Anglo Irish Federal Street UK LP are in US Dollars. Consequently the Company is impacted by any movement between the exchange rate of the US Dollar and Sterling.

The Company's financial assets and liabilities have no interest rates applied to them so the Company does not suffer interest rate risk.

##### Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources available at all times to meet its contractual and contingent cash flow obligations or can only secure these resources at excessive cost.

Liquidity risk is measured using the cash flow mismatch approach where cash inflow and outflow are analysed to produce a net cash flow position over set time periods.

It is not expected that the Company will be exposed to adverse liquidity requirements due to the limited activities of the Company given that the only liability of the Company is an inter group liability with a related Company in the CDB (U K) Limited Group.

##### Operational risk

Operational risk is the risk of loss arising from inadequate controls and procedures, unauthorised activities, outsourcing, human error, systems failure and business continuity. Due to the limited nature of the Company's activities it is difficult for the Company to suffer an operational error.

IBRC operates all of the process for the Company and maintains the Company's records on its systems on behalf of the Company. IBRC continues to maintain control throughout the IBRC Group to mitigate against the risk of operational loss. The Directors have become more vigilant over the Company's activities since 7 February 2013 given that IBRC has entered special liquidation.

## IBRC EQUITY LIMITED

### Notes to the financial statements continued

#### 11 Risk management and control continued

##### Compliance risk

The directors are responsible for ensuring that the Company is compliant with all relevant laws and best practice guidelines. Non compliance can give rise to reputational loss, legal or regulatory sanctions or material financial loss.

The Directors monitor the activities of the Company and take appropriate advice to ensure that the Company continues to be compliant with all of its obligations.

#### 12 Capital management

The objectives of the Company's capital management policy is to efficiently manage the capital base to optimise the return of the Company.

The responsibility for capital adequacy rests with the directors. The directors manage the capital structure and make adjustments to it in light of changes in economic conditions or changes in the risk profile of assets.

The capital position at 31 December 2012 was as follows:

	31 Dec 2012	31 Dec 2011
	£	£
Total equity	916,123	293
Capital	916,123	293
Total Debt	69,951	567,932

#### 13 Events after the statement of financial position date

On 7 February 2013, the Irish Minister for Finance, made an Order pursuant to Section 4 of the Irish Bank Resolution Corporation Act, 2013 (the "Act") providing for the winding-up of the parent undertaking, Irish Bank Resolution Corporation Limited - in Special Liquidation ('IBRC'), under the provisions of the Act. Pursuant to the same Order, Mr Kieran Wallace and Mr Eamonn Richardson (the "Joint Special Liquidators") of KPMG, 1 Stokes Place, St. Stephen's Green, Dublin 2 were appointed joint special liquidators of IBRC with all of the duties and powers conferred upon them by the Act.

#### 14 Parent company and ultimate parent undertaking

The Company is a wholly owned subsidiary of Irish Bank Resolution Corporation Limited - in special liquidation, incorporated in the Republic of Ireland, the parent company and ultimate parent undertaking.

#### 15 Related party transactions

The Company has provided a loan to the parent undertaking of the company, Irish Bank Resolution Corporation Limited. The balance on this loan at 31 December 2012 was £525,890 (2011: £548,857). Included in that amount is a loan of \$30,000 provided for the investment in Anglo Irish Federal Street LLP. The loans are interest free with no fixed term of repayment.

The loan of \$30,000 is converted at the relevant year end foreign exchange rate and the sterling equivalent at 31 December 2012 was £18,556 (2011: £19,367).

The Company has received a loan from a fellow subsidiary company, IBRC Property Lending Limited, the balance on this loan at 31 December 2012 was £68,901 (2011: Nil). The loan is interest free and has no fixed terms of repayment.

There were no other related party transactions or balances requiring disclosure.