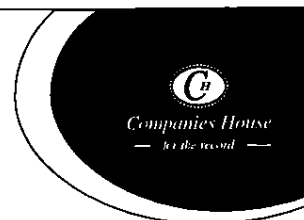


# OS AA01

## Statement of details of parent law and other information for an overseas company



122580

☒ **What this form is for**  
You may use this form to  
accompany your accounts  
disclosed under parent law

☒ **What this form is NOT for**  
You cannot use this form to register  
an alteration of manner of company  
with accounting requirements

WEDNESDAY



\*A0ONBW4Z\*

A15

21/12/2011

#495

COMPANIES HOUSE

### Part 1 Corporate company name

Corporate name of  
overseas company ①

NAGEO BV

If the company has already been registered in the UK, please enter the  
establishment number below

UK establishment  
number ②

B R 0 0 5 5 8 5

→ **Filling in this form**

Please complete in typescript or in  
bold black capitals

All fields are mandatory unless  
specified or indicated by \*

① This is the name of the company in  
its home state

② This should only be completed if  
the company has already been  
registered in the UK

### Part 2 Statement of details of parent law and other information for an overseas company

#### A1 Legislation

Please give the legislation under which the accounts have been prepared and,  
if applicable, the legislation under which the accounts have been audited

Legislation ①

European Union and the Netherlands Civil Code

③ This means the relevant rules or  
legislation which regulates the  
preparation and, if applicable, the  
audit of accounts

#### A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted  
accounting principles?

Please tick the appropriate box

☐ No Go to Section A3

☒ Yes Please enter the name of the organisation or other  
body which issued those principles below, and then go to Section A3

④ Please insert the name of the  
appropriate accounting organisation  
or body

Name of organisation  
or body ④

International Financial Reporting Standards

#### A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ No Go to Section A5

☒ Yes Go to Section A4

# OS AA01

Statement of details of parent law and other information for an overseas company

**A4**

## Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box <input type="checkbox"/> No Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'	<b>1</b> Please insert the name of the appropriate accounting organisation or body
Name of organisation or body <b>1</b>	International Financial Reporting Standards	

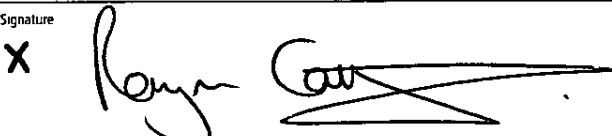
**A5**

## Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	
--------------------	--	--

## Part 3

## Signature

I am signing this form on behalf of the overseas company		
Signature	<div>Signature</div> <div>X  X</div>	
This form may be signed by Director, Secretary, Permanent representative		

# OS AA01

Statement of details of parent law and other information for an overseas company



## Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	A TODD
Company name	NATIONAL AUSTRALIA GROUP
Address	88 WOOD STREET
Post town	LONDON
County/Region	
Postcode	E C 2 V 7 Q Q
Country	
DX	
Telephone	020 7560 7182



## Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



## Important information

Please note that all this information will appear on the public record



## Where to send

You may return this form to any Companies House address

### England and Wales

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

### Scotland

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

### Northern Ireland

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG  
DX 481 NR Belfast 1



## Further information

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

**NAGEO B.V.**

**FINANCIAL REPORT**

Registered number FC022580

**30 SEPTEMBER 2009**



LD3

COMPANIES HOUSE  
23/02/2011  
COMPANIES HOUSE

9

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**NAGEO B V.***Year ended 30 September 2009***Officers and Professional Advisers****Directors**

R Lakin  
R Catt  
C Burgess (alternate to R Catt)

**Secretary**

B Lewis

**Registered Office**

Strawinskylaan 1725  
1077 XX Amsterdam  
The Netherlands

**Office**

88 Wood Street  
London  
EC2V 7QQ  
United Kingdom

**Bankers**

National Australia Bank Limited

**Solicitor**

Freshfields Bruckhaus Deringer, Amsterdam

**Auditors**

Ernst & Young Accountants LLP  
Antonio Vivaldistraat 150  
1083HP Amsterdam  
The Netherlands

## **Report of the Directors**

The directors of NAGEO B V (the "Company") submit their report and financial statements for the year ended 30 September 2009

### **Principal activities**

The Company provides finance to National Australia Bank ("NAB") or to any wholly owned subsidiary of NAB, and enters into and participates in various financial transactions with the NAB Group

### **Profits and appropriations**

The profit attributable to the shareholders for the year ended 30 September 2009 amounted to £3,313,000 (2008 £2,415,000) before the payment of dividends in respect of ordinary shares issued

### **Business review and future developments**

The Company continues to operate as an investment company. The directors are currently considering the future of the Company within the wider NAB Group. No formal resolution has been made on the future of the Company and as such the financial statements continue to be prepared on a going concern basis.

On 20 March 2009, with the requisite approvals and agreement from the preference shareholder, the Company converted the 25 preference shares into 25 ordinary shares with share premium equivalent to £4,000,000 per share.

The principal risk and uncertainties are set out in Note 12 to the financial statements. The Company does not expect any significant risk changes in the future.

The directors do not rely on any key performance indicators at the company level to monitor performance. The nature of the business means it is more relevant to perform a review of the KPI's at the NAB Group level.

### **Going Concern**

The Directors consider the going concern basis of preparation of the financial statements to be appropriate. The Company has generated satisfactory profits and has an adequate capital base for the Company to continue in operation for at least the next 12 months from the date of approval of the financial statements. There are no events or conditions that exist that cast any doubt on the company's ability to continue as a going concern.

### **Directors and directors' interests**

The names of the current directors are listed on page 2.

S. Learoyd resigned on 24 March 2010.

#### Directors' interests

None of the Directors had any interest in the shares of the Company or any related European company at any time during the year. As the Company is a wholly owned subsidiary of National Australia Bank Limited ("NAB"), which is incorporated in Australia, any interest which the directors may have in NAB does not need to be notified to the Company so is not disclosed in this report.

#### Directors' liabilities

During the year the NAB Group paid a premium for a contract insuring the directors and officers of NAB, its subsidiaries and controlled entities against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the NAB Group itself to the extent that it is obliged to indemnify directors and officers for such liability.

### **Company secretary**

**NAGEO B V**

*Year ended 30 September 2009*

The current company secretary is shown on page 2

**Report of the Directors (continued)**

**Employee involvement**

The Company does not have any employees (2008: none). All staff are provided by the ultimate parent company, NAB.

**Charitable and political donations**

No charitable or political donations were made throughout the year (2008: £Nil).

**Corporate Governance**

It is the Company's policy not to include all of the disclosures in respect of voluntary Corporate Governance Codes of Practice as it is a wholly owned subsidiary of NAB. The NAB Group's Annual Financial Report details the corporate governance framework applicable to the Company. These disclosures are made after consideration of authoritative pronouncements on audit committees and associated disclosures in Australia, the USA and UK.

**Events since the balance sheet date**

No other information has been identified since the balance sheet date about conditions existing at the balance sheet date, which are required to be disclosed in these financial statements.

**Auditors**


A resolution to reappoint Ernst and Young Accountants LLP will be proposed at the next Annual General Meeting.

**Directors' statement as to disclosure of information to auditors**

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board

  
Director  
13 January 2011



**Income Statement for the year to 30 September 2009**

	Note	2009 £'000	2008 £'000
Interest income and similar income	11	4,243	8,918
Interest expense	11	(1,648)	(6,498)
Other operating expense	11	-	(3)
<b>Profit on ordinary activities before tax</b>		<b>2,595</b>	<b>2,417</b>
Income tax credit/(expense)	8	718	(2)
<b>Profit on ordinary activities attributable to equity holders after taxation</b>		<b>3,313</b>	<b>2,415</b>

The Company has no recognised gains or losses other than those disclosed above

All items dealt with in arriving at the profit on ordinary activities before tax for the year ended 30 September 2009 and the year ended 30 September 2008 relate to continuing operations

**NAGEO B V***Year ended 30 September 2009***Balance Sheet as at 30 September 2009**

	Note	2009 £'000	2008 £'000
<b>Current assets</b>			
Cash and cash equivalents	10	10	14
Due from related entities	11	153,734	154,883
Current tax	8	569	-
<b>Total assets</b>		<u>154,313</u>	<u>154,897</u>
<b>Current liabilities</b>			
Current tax		-	149
Due to related entities	11	-	1,647
		<u>-</u>	<u>1,796</u>
<b>Non-current liabilities</b>			
Due to related parties	3	-	100,006
<b>Total liabilities</b>		<u>-</u>	<u>101,802</u>
<b>Net assets</b>		<u>154,313</u>	<u>53,095</u>
<b>Shareholders' equity</b>			
Share capital	4	27	18
Share premium	5	151,225	151,225
Revaluation reserves	6	(7)	(3)
Retained earnings	7	3,068	1,855
<b>Total shareholders' equity</b>		<u>154,313</u>	<u>53,095</u>

The financial statements were approved by the directors on 13 January 2011 and were signed on their behalf by



Director

13 January 2011

**Cash Flow Statement for the year ended 30 September 2009**

	Note	2009 £'000	2008 £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		2,595	2,417
<i>Adjustments for non cash movements</i>			
Interest income		(4,243)	(8,918)
Interest expense		1,648	6,498
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		-	(3)
Tax (paid)/received		-	-
<b>Net cash (used in)/provided by operating activities</b>		-	(3)
<b>Cash flows from investing activities</b>			
Interest received		5,681	8,985
Decrease/(increase) in amounts due from related entities		(290)	610
<b>Net cash provided by investing activities</b>		5,391	9,595
<b>Cash flows from financing activities</b>			
Interest paid		(3,295)	(6,590)
Ordinary dividends paid to ultimate parent		(2,100)	(3,000)
<b>Net cash used in financing activities</b>		(5,395)	(9,590)
<b>(Decrease)/Increase in cash and cash equivalents</b>		(4)	2
Cash and cash equivalents at beginning of year		14	12
<b>Cash and cash equivalents at end of year</b>	10	10	14

## Notes to the Financial Statements

### 1) Authorisation of financial statements and statement of compliance with International Financial Reporting Standards

The financial statements of NAGEO B V for the year ended 30 September 2009 were authorised for issue by the directors on 15 December 2010 and the balance sheets were signed on their behalf by R Catt

The immediate parent undertaking is National Australia Group Europe Investments Limited and the ultimate parent undertaking is National Australia Bank Limited ("NAB"), a company incorporated in the State of Victoria, Australia. NAB heads the largest group in which the results of the Company are consolidated. The smallest group into which the results of the Company are consolidated is that headed by National Australia Group Europe Limited which is incorporated in Great Britain and is registered in England and Wales.

Copies of the group accounts prepared in respect of National Australia Group Europe Limited and NAB may be obtained from National Australia Bank Limited (London Branch), 88 Wood Street, London, EC2V 7QQ.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with Dutch Law. The principal accounting policies adopted by the Company are set out in Note 2.

### 2) Accounting policies

#### Basis of preparation

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Assumptions made at each balance sheet date are based on best estimates at that date. Although the Company has internal control systems in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates. It is not anticipated that such differences would be material.

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements as required by the relevant accounting standards.

#### Accounting developments

During the year the IASB and International Financial Reporting Interpretations Committee issued the following standards and interpretations with an effective date after the date of the financial statements that could be relevant to this company in future years.

International Financial Reporting Standards		Effective date Annual periods beginning On or after
Various	Improvements to IFRS (Issued 22 May 2008)	Various, earliest 1 January 2009
Various	Improvements to IFRS (Issued 16 April 2009)	Various, earliest 1 July 2009
IFRS 1	Amendment – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
IFRS 7	Financial Instruments Disclosures – Amendments enhancing disclosures about fair value and liquidity risk	1 January 2009
IFRS 8	Operating segments	1 January 2009

## **Notes to the Financial Statements (continued)**

### **2) Accounting policies (continued)**

#### **Accounting developments (continued)**

IFRS 9	Financial Instruments Recognition and Measurement	1 January 2013
IAS 1	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income	1 January 2009
IAS 23	Revised – Borrowing costs	1 January 2009
IAS 24	Revised – Related Party Disclosures	1 January 2011
IAS 39	Amendment – Eligible Hedged Items and Embedded Derivatives	1 July 2009

The Company has not early adopted these new/revised standards and interpretations, which are unlikely to have a significant impact on the Company's financial statements. There were no IFRIC's released that are deemed relevant to the Company.

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

The financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. All amounts are expressed in pounds sterling and all values are rounded to the nearest thousand pounds unless otherwise stated.

#### **Foreign currency denominated share capital**

Share capital has been translated at the year end exchange rate. The movements are not considered significant for the financial statements and any items are transferred to reserves.

#### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of inception. Cash and cash equivalents are brought to account at the face value or the gross value of the outstanding balance where appropriate.

#### **Interest income**

Interest income is reflected in the income statement using the effective interest method. The effective interest rate method is a method of calculating amortisation using the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts the estimated stream of future cash payments or receipts over the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial instrument.

#### **Recognition of fee income including loan related fees and costs**

Interest income is reflected in the Income Statement when earned on an accruals basis. When fees and commissions relate to specific transactions or events, they are recognised as income in the period that services are provided. When they are charged for services provided over a period, they are recognised as income on an accruals basis.

## Notes to the Financial Statements (continued)

### 2) Accounting policies (continued)

#### Preference shares

Under IAS 32 the preference shares are classified as non-current liabilities as they have the characteristics of debt rather than equity, and the preference dividend expense is recorded within interest expense and accrues on a daily basis. The preference shares are translated at the rate prevailing on the balance sheet date but due to the small nominal values this is not significant to the accounts. The premium paid on the purchase of the shares was paid in pounds sterling and therefore is not impacted by changes in foreign exchange rates.

#### Dividend payments

Dividend payments are recorded in retained earnings when the Company's right to payment of the dividends is established.

#### Related party transactions

The Company enters into a number of related party transactions including receiving and providing funding to other NAB Group companies. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not classed as 'available for sale' or designated at fair value through profit and loss. Loans and receivables are recorded at amortised cost using the effective interest method, adjusted for impairment losses and unearned income. They are derecognised when the rights to receive cash flow have expired or transferred substantially all the risks and rewards of ownership.

#### Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset or liability is not recognised if it arises from initial recognition of an asset or liability that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

### 3) Non-current liabilities

	2009 £'000	2008 £'000
25 Cumulative preference shares at €300	-	6
Share premium on 25 Cumulative preference shares at £4,000,000 per share	-	100,000
	-	100,006

The exchange rate used as at balance sheet date was €1=£0.91 (2008: €1=£0.79).

In 2008, preference shares were held by the immediate parent undertaking and were cumulative and accrue interest on a daily basis at 6.59%. The interest expense on the preference shares accrued on a daily basis and was approved by the Board on a quarterly basis. There were no fixed payment dates. There was no fixed redemption date although both the Company and the holder had the right to enforce redemption. A premium on purchase of £4,000,000 per share was paid on the 25 cumulative preference shares. The share premium was paid in Pounds Sterling whilst the share capital was paid

**Notes to the Financial Statements (continued)**

**3) Non-current liabilities (continued)**

in Euros On 20 March 2009, with the requisite approvals and agreement from the preference shareholder, the Company converted the 25 preference shares into 25 ordinary shares with share premium equivalent to £4,000,000 per share

**4) Share capital**

	2009 €	2008 €
<i>Authorised</i>		
150 ordinary shares of €300 each	45,000	45,000
	<hr/>	<hr/>
	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
100 (2008 75) ordinary shares at €300 each	27,448	17,683
	<hr/>	<hr/>
	27,448	17,683
	<hr/>	<hr/>

The exchange rate used as at balance sheet date was €1=£0 91 (2008 €1=£0 79) Any change in translation is taken to reserves On 20 March 2009, with the requisite approvals and agreement from the preference shareholder, the Company converted the 25 preference shares into 25 ordinary shares with share premium equivalent to £4,000,000 per share

There is no restriction on the rights of holders of the ordinary shares Each ordinary share carries (and previously each preference share carried) the right to one vote per share held

**5) Share premium**

	2009 £'000	2008 £'000
Share premium on 75 ordinary shares at £683,000 per share	51,225	51,225
Share premium on 25 ordinary shares at £4,000,000 per share	100,000	-
	<hr/>	<hr/>
	151,225	51,225
	<hr/>	<hr/>

On 20 March 2009, with the requisite approvals and agreement from the preference shareholder, the Company converted the 25 preference shares into 25 ordinary shares with share premium equivalent to £4,000,000 per share

**6) Revaluation reserves**

	2009 £'000	2008 £'000
FX translation on ordinary share capital	(4)	(1)
FX translation on preference shares	-	(2)
	<hr/>	<hr/>
	(4)	(3)
	<hr/>	<hr/>

**Notes to the Financial Statements (continued)**

**7) Retained earnings**

	2009 £'000	2008 £'000
At 1 October	1,855	2,440
Profit for the year	3,313	2,415
Dividends paid – equity	(2,100)	(3,000)
At 30 September	<u>3,068</u>	<u>1,855</u>

**8) Income tax credit / (expense)**

**a) Current tax charge**

	2009 £'000	2008 £'000
UK corporation tax at 28% (2008 29%)	718	(2)
Income tax credit / (expense) reported in the income statement	<u>718</u>	<u>(2)</u>

The current tax charge is 28%. In the prior year 29% was equivalent to the average standard rate of corporation tax. The first half of 2008 was 30% against the new standard tax rate in the UK of 28% in the second half of the year.

**b) Analysis of the charge for the year**

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	2,595	2,417
Profit multiplied by standard rate of corporation tax in the UK of 28% (2008 29%)	(727)	(701)
<i>Effects of</i>		
Permanent differences	(461)	(1,884)
Group relief not paid for	1,906	2,583
Total tax credit / (charge) for the period	<u>718</u>	<u>(2)</u>

The Company is incorporated in the Netherlands but tax resident in the UK by virtue of being managed and controlled in the UK. Permanent differences relate to Group relief claimed for nil consideration and amounts not deductible for tax purposes.



**Notes to the Financial Statements (continued)**

**9) Interim dividends paid**

	2009 £'000	2008 £'000
Interim dividends paid on 75 ordinary shares at £28,000 per share (2008 £40,000 per share)	2,100	3,000

**10) Cash & cash equivalents**

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of inception

	2009 £'000	2008 £'000
Due from related entities (Note 11)	10	14

**11) Related party transactions**

The Company is a wholly owned and controlled entity of National Australia Bank Limited. The ultimate parent entity of the Company is NAB.

	2009 £'000	2008 £'000
<b>Amounts due from related entities</b>		
Amounts due from parent undertaking	153,679	153,390
Accrued interest receivable from parent undertaking	55	1,493
Amount due from ultimate parent (Note 10)	10	14
As at 30 September	153,744	154,897

The amount due from parent undertakings is a variable rate deposit with National Australia Group Europe Limited and has a maturity of 14 October 2009 at a rate of 1.01% (2008 5.73%). This deposit rolls on a quarterly basis.

	2009 £'000	2008 £'000
<b>Current liabilities – amounts due to related parties</b>		
Accrued interest payable to immediate parent	-	1,647

**Notes to the Financial Statements (continued)**

**11) Related party transactions (continued)**

	2009 £'000	2008 £'000
<b>Non-current liabilities – amounts due to related entities</b>		
Amount due to immediate parent	-	100,006

The non-current liabilities were preference shares held by the immediate parent undertaking. Under IFRS, these instruments were recorded as non-current liabilities since the characteristics of these instruments meet the definition of financial liabilities under IAS 32. On 20 March 2009, with the requisite approvals and agreement from the preference shareholder, the Company converted the 25 preference shares into 25 ordinary shares with share premium equivalent to £4,000,000 per share.

	2009 £'000	2008 £'000
<b>Transactions during the year with related parties</b>		
Interest receivable from intermediate parent	4,243	8,918
Interest payable to intermediate parent	(1,648)	(6,498)
Management fee payable to ultimate parent	-	(3)
Net income from related parties	2,595	2,417

Under IAS32, Interest payable represented accrued preference share dividend expense for the year at an annual rate of 6.59%. The Company's audit fees are borne by the ultimate parents company NAB.

**Transaction with Directors, key management and their close family members**

There were no amounts outstanding as at 30 September 2009 (2008: £Nil) for transactions, arrangements and agreements between the Company and its directors, key management and their close family members during the year. No transactions, arrangements or agreements have taken place during the year.

**Compensation of key management personnel**

All compensation received by key management personnel relates to their duties on behalf of other NAB Group companies.

**Directors' emoluments**

The directors are employed as executives of other NAB Group companies. The aggregate emoluments of the directors of the Company were £Nil (2008: £Nil).

## Notes to the Financial Statements (*continued*)

### 12) Risk overview

#### ***Risk management***

Effective management of risk is a key capability for a successful financial services provider, and is fundamental to NAB Group. A key component of the NAB Group's risk management strategy is the establishment by the Board of a formal 'risk appetite statement' for the NAB Group.

This places an overall limit on the total amount of risk that the NAB Group is prepared to take. That position is set with respect to the returns that the NAB Group is seeking to provide to shareholders, the credit rating that the NAB Group is seeking to maintain, and the NAB Group's capital position and desired ratios.

In line with the NAB Group Risk Charter, the NAB Group's approach to risk management is based on an overriding principle that risk management capability must be embedded within the business' front-line teams to be effective. This overriding principle embodies the following concepts:

- all business decisions proactively consider risk,
- business managers use the risk management framework, which assists in the appropriate balancing of both risk and reward components,
- all employees are responsible for risk management in their day-to-day activities, and
- risk management is a core competency for all employees.

The NAB Group manages risk within an established 'three lines of defence' framework. Control is exercised through a clearly defined delegation of authority, with clear and rapid communication and escalation channels throughout the organisation. The first line of defence comprises the business units managing the risks associated with their activities. The second line encompasses dedicated risk functions who are accountable for independent monitoring and oversight. The third line of defence relates to Internal Audit independently reviewing, monitoring, and testing business unit compliance with risk policies and procedures, and regularly assessing the overall effectiveness of the risk management framework.

The NAB Group Risk Management Committee, chaired by the Managing Director and Group Chief Executive, serves as the principal risk strategy and policy decision making body with the NAB Group, and provides the Board with assurance in the performance of the overall risk management framework. This committee is supported by three sub-committees – NAB Group Credit and Concentration Risk Committee, NAB Group Asset and Liability Committee, and NAB Group Capital Committee – each with a specialised focus.

Within the UK there is also a regional Risk Management Committee comprised of senior regional executives, which serves to provide a leadership focus on key risk issues from a regional perspective.

#### ***Operational risk and compliance***

Operational risk is the risk of loss resulting from inadequate or failed processes, people or systems, or from external events. This includes risk relating to the management of ongoing activities, as well as to organisational changes such as project and change initiatives.

Compliance is the requirement to comply with external regulatory and legal obligations in addition to operating within the Group and regional policies and standards. This includes risk relating to reputational impact, incurring restrictive conditions and undertakings by regulators on how the Group does business.

Various reports are produced at management, Board sub-committee and Board level to assist with their oversight and monitoring obligations. This incorporates regional reporting of risk profiles, key operational risk and events, as well as consideration of external events and their relevance to the NAB Group. This process generates visibility and understanding of the NAB Group's overall operational risk profile.

## Notes to the Financial Statements (continued)

### 12) Risk overview (continued)

#### Operational risk and compliance (continued)

The Operational Risk Framework ("ORF") is based on a set of core principles and defines the NAB Group's standards for operational risk management and compliance. Its design recognises the importance of embedding operational risk and compliance into 'business-as-usual' activities. It has particular focus on defining and implementing the right behaviours and incorporating risk considerations into the Group's systems and processes.

The ORF is an essential element of the business strategy, which underpins all operational risk management activities. It includes

- An established governance structure that is used to ensure consistent application, management and reporting of the operational risk management process. This element also includes the establishment and communication of the Company's operational risk appetite, and
- A structured risk management process to facilitate the identification, quantification and management of risks.

The NAB Group is committed to sound risk management and compliance and continues to improve its capabilities in these areas.

#### Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of cash and cash equivalents, amounts due from and due to related entities are considered to approximate fair value. This is due to their short term nature.

#### Credit risk

Credit risk is the potential that a borrower or a counterparty will fail to meet its obligations in accordance with agreed terms. NAB places limits around the amount of risk accepted to one borrower, which are monitored on a frequent basis.

Given the majority of balances are with related entities the credit risk is deemed to be minimal.

The maximum exposure to credit risk for the components of the balance sheet are set out below.

	2009 £'000	2008 £'000
<b>Assets</b>		
Cash and cash equivalents	10	14
Due from related entities	153,734	154,883
Current tax	569	-
<b>Total credit risk exposure</b>	<b>154,313</b>	<b>154,897</b>

The Company does not have any collateral or other credit enhancements supporting these assets. The credit quality of assets are neither past due or impaired. There are no undrawn commitments that the Company is exposed to.

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no material transactional exposures that give rise to net currency gains and losses.

## Notes to the Financial Statements (continued)

### 12) Risk overview (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The liquidity risk monitoring and maintenance is managed on a monthly basis from reviews performed on management information to ensure that all liabilities can be met when they fall due.

The directors do not believe there is a significant exposure to liquidity risk due to the related party nature of funding and liability exposures with fellow NAB Group companies. Given the short term nature of the liabilities the undiscounted cash flows are not significantly different from the balance sheet carrying values.

<b>Cash flows maturity profile for liabilities as they fall due</b>	<b>3 months or less</b>	<b>3 to 12 months</b>	<b>No specific maturity</b>	<b>Total</b>
2009				
£'000				
Due to related entities	-	-	-	-
Current tax	-	-	-	-
	-	-	-	-

<b>Cash flows maturity profile for liabilities as they fall due</b>	<b>3 months or less</b>	<b>3 to 12 months</b>	<b>No specific maturity</b>	<b>Total</b>
2008				
£'000				
Due to related entities	1,647	-	100,006	101,653
Current tax	-	-	149	149
	1,647	-	100,155	101,802

#### Interest rate sensitivity analysis

The Company is exposed to the risk of fluctuations in interest rates due to the assets accruing interest at a floating rate and the liabilities at a fixed rate. The risk of a 1% increase or decrease in rates will have the following effect on net assets and profit before tax.

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
1% increase in rates	1,537	1,542
1% decrease in rates	(1,537)	(1,542)

**Notes to the Financial Statements (continued)**

**12) Risk overview (continued)**

**Interest rate risk**

Part of the Company's exposure to interest rate risk is in relation to the mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset

The table below summarises these pricing mismatches as at 30 September 2009 and 30 September 2008

<b>Interest rate sensitivity analysis</b> 2009 £'000	<b>Weighted average effective interest rate %</b>	<b>Call</b>	<b>3 months or less</b>	<b>3 to 12 months</b>	<b>No specific maturity</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	-	10	-	-	-	-	10
Due from related entities	1.01%	-	153,400	-	-	334	153,734
Current tax asset	-	-	-	-	-	569	569
		10	153,400	-	-	903	154,313
<b>Liabilities</b>							
Shareholders' equity	-	-	-	-	-	154,313	154,313
		-	-	-	-	154,313	154,313
Gap		10	153,400	-	-	(153,410)	-
<hr/>							
<b>Interest rate sensitivity analysis</b> 2008 £'000	<b>Weighted average effective interest rate %</b>	<b>Call</b>	<b>3 months or less</b>	<b>3 to 12 months</b>	<b>No specific maturity</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	4.3%	14	-	-	-	-	14
Due from related parties	5.8%	-	153,390	-	-	1,493	154,883
		14	153,390	-	-	1,493	154,897
<b>Liabilities</b>							
Due to related entities	6.6%	-	-	-	100,006	1,647	101,653
Current tax liabilities	-	-	-	-	-	149	149
Shareholders' equity	-	-	-	-	-	53,095	53,095
		-	-	-	-	54,891	154,897
Gap		14	153,390	-	(100,006)	(53,398)	-

## **Other information**

### **1) Statutory appropriation of income**

According to Article 29 of the Articles of Association, the Company may only make distributions to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law

### **2) Proposal of profit appropriation**

Subject to the approval of the Annual Meeting of Shareholders, the total net profit amounted to £3,313,000 (2008 £2,415,000) Out of the net profit for the year, dividends of £2,100,000 (2008 £3,000,000) have been paid to the shareholders

### **3) Auditor's report**

The auditor's report is set forth on the following page

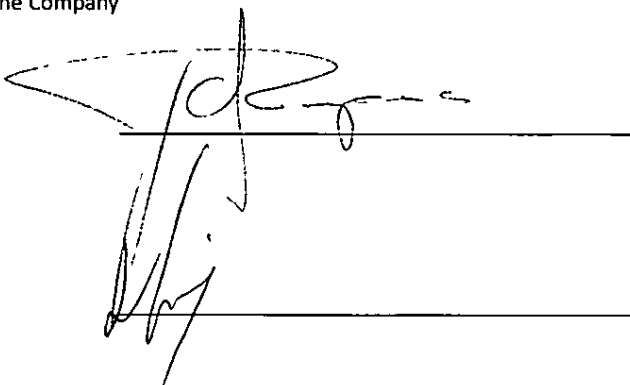
The directors of the Company

Name C Burgess

Signature

Name R Lakin

Signature

The image shows two handwritten signatures. The first signature, for C Burgess, is written over a horizontal line and is a cursive, flowing script. The second signature, for R Lakin, is also written over a horizontal line and is a more stylized, angular cursive script. Both signatures are in black ink.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Managing Directors of NAGEO B V

### Report on the financial statements

We have audited the accompanying financial statements of NAGEO B V, which comprise the balance sheet as at September 30, 2009, the profit and loss account and the cash flow statement for the period 1 October, 2008 through September 30, 2009 and the notes, comprising a summary of the significant accounting policies and other explanatory information

#### *Management's responsibility*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of NAGEO B V as at September 30, 2009, of its result and cash flows for the period 1 October, 2008 through September 30, 2009 in accordance with international Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code

*Report on other legal and regulatory requirements*

Pursuant to the legal requirement under Section 2 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2 392 sub 1 at b-h has been annexed. Further we report that the management board report to the extent we can assess, is consistent with the financial statements as required by Section 2 391 sub 4 of the Dutch Civil Code

Amsterdam, January 13, 2011

Ernst & Young Accountants LLP

Signed by J W Moison