UBERIOR VENTURES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Company Number SC235067

Directors
B S Anderson
K M Bothwell
A J Cumming
D K Gateley
N Moss

Company Secretary

J E Nielsen

Registered Office

Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

DIRECTORS' REPORT
For the year ended 31 December 2009

Directors

B S Anderson
K M Bothwell
A J Cumming
D K Gateley
N Moss
G R A Shankland (resigned 26 May 2010)
Y E Sharp (resigned 30 June 2010)

The Directors submit their report and audited accounts of Uberior Ventures Limited ("the Company") for the year ended 31 December 2009.

Principal activity

The Company operates as an investment holding company and there has been no change in that activity during the year.

Business review

During the year the Company continued to manage investments acquired in previous years. In addition, new investments identified as having the potential to generate returns were acquired and managed by the Company.

The business is funded by the Company's intermediate parent undertaking.

Risk management

The key risks and uncertainties faced by the Company are managed within the framework established for the Lloyds Banking Group. Exposure to credit risk, interest rate risk and foreign exchange risk arises in the normal course of the Company's business. These risks are discussed below and supplementary qualitative and quantitative information is provided in Note 21 to the Financial Statements. The Company is funded by its intermediate parent undertaking and as a result liquidity risk is managed within the Lloyds Banking Group.

Credit risk

A full credit assessment of the financial strength of each potential transaction and/or customer is undertaken, awarding an internal risk rating. Internal ratings are reviewed regularly.

Interest rate risk

Financial assets which are income earning, have both fixed and variable interest rates. The financial liabilities which fund these investments are facilities provided by another Lloyds Banking Group company with interest being charged at agreed rates within the group. Consequently the Company is exposed to some interest rate risk.

Foreign exchange risk

Foreign exchange risk arises on investments and borrowings denominated in a currency other than Sterling. The Company follows Lloyds Banking Group policy in ensuring that all foreign currency investments are matched with borrowings in the same currency, thus no sensitivity to foreign exchange exposure is considered to exist. The currency which gives rise to the Company's foreign exchange risk is the Euro.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2009

Performance

The Company's loss before tax for the financial year is £576,192,449 (2008: loss £609,862,034). This represents a decrease in loss before tax of 6% (2008: increase 427%).

In 2009, the Company has assessed the requirement for impairment of investment securities and loans receivable. In 2008 £653,210,367 was charged to the Income Statement while this year a charge of £589,939,291 has been incurred. Fluctuations in the underlying performance of investments have resulted in a decrease over the year.

Despite the current year seeing a higher volume of disposals of investments, this has resulted in a loss on disposal of £7,559,872 being recognised in the Income Statement. This compares to £14,949,220 of profits on disposal recognised in 2008. The Company aims to hold each investment for the appropriate time period which will maximise returns to Lloyds Banking Group plc and therefore profits recognised on disposals can fluctuate year on year.

The Balance Sheet shows total assets of £344,849,767 in 2009 compared to £824,416,132 in 2008. The decrease is mainly attributable to the level of impairments of investments securities in the year of £589,939,291 (2008: £653,210,367) as a result of the significant economic downturn. This has been offset by net disposals of investments in associates and in jointly controlled entities of £1,445,312 (2008: net additions £49,887,423) and net acquisitions and fair value adjustments of debt securities and equity shares of £37,548,319 (2008: £59,465,437). Amounts due by subsidiary undertakings has decreased by £61,137,326 (2008: increase £22,252,871) of which £41,010,886 is impairments and Investment in subsidiary undertakings has decreased by £24,403,619 (2008: increase £2,499,000) as the Company disposed of two wholly owned subsidiaries in the year, Uberior Ventures (Fountainbridge 1) Limited and Uberior Ventures (Fountainbridge 2) Limited and impaired £21,903,619 on the value of Credential Lothian Limited (formerly Uberior Ventures Credential Limited). The current year increase in corporation tax recoverable of £99,820,211 to £181,943,952 (2008: £82,123,741) is a result of significant losses in the year which are being shared within the Group.

The key performance indicator used in assessing the performance of the Company is monitoring of actual cash flows from each investment against plan. At each Board meeting the Directors review the performance of the Company's investments on both an individual and an industry sector basis. Management accounts are prepared and reviewed by the Directors at Board meetings.

Future developments

The Company remains committed to the business of holding investments and will continue to manage new and existing investments in the future.

Results and dividends

The loss after tax for the year is £479,868,351 (2008: £512,935,663). The Directors do not recommend the payment of a dividend in 2009 (2008: nil).

Going Concern

As set out in Note 2 – 'Going concern – Principles underlying going concern assumption' of the Notes to the Financial Statements, 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 financial statements.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2009

Directors and their Interests

The Directors at the date of this report are as stated on page 2. Dates of appointments and resignations during the year, or subsequent to the year end, are as follows:

Director	Date of appointment	Date of resignation
K M Bothwell	29 September 2009	-
A J Cumming	29 September 2009	-
D Miller	-	28 September 2009
J C Moran	-	31 October 2009
G L T More	-	16 January 2009
N Moss	29 September 2009	-
N J C Robinson	-	25 September 2009
G R A Shankland	-	26 May 2010
Y E Sharp	29 September 2009	30 June 2010

The other Directors served throughout the year.

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year.

Policy and practice on payment of suppliers

The Company follows "The Better Payment Practice Code" published by the Department for Business Innovation and Skills (BIS) regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the BIS Publications Order Line 0845-0150-010 quoting ref. URN 04/606.

The Company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the Company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

As the Company owed no amounts to trade creditors as at 31 December 2009, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is nil (2008: nil).

Auditors and disclosure of information to auditors

Each Director in office at the date of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

DIRECTORS' REPORT (continued)
For the year ended 31 December 2009

Auditors

Following the resignation of KPMG on 13 May 2009, PricewaterhouseCoopers LLP were appointed as auditors of the Company with effect from the same date, by the Directors of the Company on 3 June 2009. Accordingly, a resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors will be put to the members of the Company before the end of the next period for appointing auditors (as defined by the Companies Act 2006).

By Order of the Board,

Director DK GATELEY.
29th September 2010

Company Number SC235067

INCOME STATEMENT
For the year ended 31 December 2009

	Note	2009 £	2008 £
Investment income	4	**2,697,385**	9,047,802
Income from investment in associates		**141,236**	5,825,277
Income from investment in jointly controlled entities		**20,772,199**	12,708,197
		23,610,820	27,581,276
(Loss) / profit on disposal of investments		**(7,559,872)**	14,949,220
Impairments of associates	11	**(55,839,298)**	(67,411,192)
Impairments of jointly controlled entities	12	**(96,267,208)**	(258,356,663)
Impairments of subsidiary undertakings	13	**(21,903,619)**	(1,000)
Impairments of investments	14	**(371,918,280)**	(325,993,973)
Impairments of amounts due by subsidiary undertakings	24	**(44,010,886)**	-
Impairment of loans and receivables	16	**-**	(1,447,539)
Total impairments		**(589,939,291)**	(653,210,367)
Administrative expenses	5	**(3,475,550)**	(22,290)
Other income	6	**2,362,369**	5,538,634
Other expenses	7	**(9,200)**	(9,400)
Net other income		**2,353,169**	5,529,234
Operating loss before finance costs		**(575,010,724)**	(605,172,927)
Finance income	8	**3,162,646**	1,948,912
Finance costs	8	**(4,344,371)**	(6,638,019)
Net finance costs	8	**(1,181,725)**	(4,689,107)
Loss before tax		**(576,192,449)**	(609,862,034)
Income tax credit	9	**96,324,098**	96,926,371
Loss after tax for the year		**(479,868,351)**	(512,935,663)
Attributable to:			
Equity holders		**(479,868,351)**	(512,935,663)
Loss for the year		**(479,868,351)**	(512,935,663)

The notes on pages 12 to 36 are an integral part of these financial statements.

The operating loss for the year arises from the Company's continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	2009 £	2008 £
Loss for the year	**(479,868,351)**	(512,935,663)
Other comprehensive income:		
Movements in available for sale financial assets, net of tax:		
- changes in fair value	**(650,482)**	(5,556,637)
- transferred to Income Statement in respect of impairments	**5,860,434**	-
Other comprehensive income for the year, net of tax	**5,209,952**	(5,556,637)
Total comprehensive income for the year	**(474,658,399)**	(518,492,300)
Total comprehensive income attributable to equity shareholders	**(474,658,399)**	(518,492,300)
Total comprehensive income for the year	**(474,658,399)**	(518,492,300)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 15.

The notes on pages 12 to 36 are an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2009

	Note	2009 £	2008 £
Assets			
Non-current assets			
Investment in associates	11	**6,466,152**	62,788,859
Investment in jointly controlled entities	12	**28,173,508**	125,402,619
Investment in subsidiary undertakings	13	**156,454**	24,560,073
Investments	14	**101,706,677**	436,076,638
Current tax asset	10	**181,943,952**	82,123,741
		318,446,743	730,951,930
Current assets			
Trade and other receivables	16	**272,155**	6,196,007
Amounts due by subsidiary undertakings	24	**26,130,869**	87,268,195
		26,403,024	93,464,202
Total assets		**344,849,767**	824,416,132
Equity			
Issued capital	18	**1**	1
Reserves		**434,508**	(4,775,444)
Retained earnings		**(935,428,126)**	(455,559,775)
Total equity		**(934,993,617)**	(460,335,218)
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	19	**24,928,341**	31,516,819
		24,928,341	31,516,819
Current liabilities			
Cash and cash equivalents	17	**1,097,618,416**	1,057,982,419
Interest-bearing loans and borrowings	19	**108,470,477**	116,096,419
Trade and other payables	20	**48,826,150**	79,155,693
		1,254,915,043	1,253,234,531
Total liabilities		**1,279,843,384**	1,284,751,350
Total equity and liabilities		**344,849,767**	824,416,132

The notes on pages 12 to 36 are an integral part of these financial statements.

The financial statements on pages 7 to 36 were approved by the Board of Directors on 29th September 2010 and were signed on its behalf by:

.... Director
D K GATELEY

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009

	Share Capital £	Available for Sale Reserve £	Retained Earnings £	Total Equity £
Balance at 1 January 2008	1	781,193	57,375,888	58,157,082
Comprehensive income				
Loss after tax	-	-	(512,935,663)	(512,935,663)
Other comprehensive income				
Available for sale financial assets	-	(5,556,637)	-	(5,556,637)
Total comprehensive income	-	(5,556,637)	(512,935,663)	(518,492,300)
Balance at 1 January 2009	1	**(4,775,444)**	**(455,559,775)**	**(460,335,218)**
Comprehensive income				
Loss after tax	-	-	(479,868,351)	**(479,868,351)**
Other comprehensive income				
Available for sale financial assets	-	5,209,952	-	**5,209,952**
Total comprehensive income	-	5,209,952	(479,868,351)	**(474,658,399)**
Balance at 31 December 2009	**1**	**434,508**	**(935,428,126)**	**(934,993,617)**

The notes on pages 12 to 36 are an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2009

	Note	2009 £	2008 £
Cash flows from operating activities			
Operating loss before finance costs		**(575,010,724)**	(605,172,927)
Adjustments for:			
Impairments of investments and loans and receivables		**589,939,291**	653,210,367
Non-cash dividend received		**(17,734,036)**	-
Changes in working capital:			
Decrease / (increase) in trade and other receivables		**5,923,852**	(1,387,082)
Decrease in trade and other payables		**(15,068,305)**	(105,321,960)
Acquisition of investments		**(67,115,940)**	(319,530,364)
Disposal of investments		**35,260,378**	202,869,531
Cash generated from operations		**(43,805,484)**	(175,332,435)
Interest paid		**(1,288,603)**	(5,864,907)
Income taxes paid		**(3,665,088)**	(9,073)
Net cash outflow from operating activities		**(48,759,175)**	(181,206,415)
Cash flows from investing activities			
Interest received		**1,422,857**	204,356
Decrease / (increase) in amounts due by subsidiary undertakings		**9,312,323**	(22,252,871)
Decrease in amounts due to group undertakings		**-**	(520,003)
Proceeds on disposal of subsidiary undertakings		**2,500,000**	-
Acquisition of subsidiary undertakings		**-**	(2,500,000)
Net cash from / (used in) investing activities		**13,235,180**	(25,068,518)
Cash flows from financing activities			
Proceeds from borrowings		**3,921,991**	83,151,337
Repayment of borrowings		**(8,033,993)**	-
Foreign exchange gain		**-**	447,499
Net cash (used in) / from financing activities		**(4,112,002)**	83,598,836
Decrease in cash and cash equivalents		**(39,635,997)**	(122,676,097)
Cash and cash equivalents at the beginning of the year		**(1,057,982,419)**	(935,306,322)
Cash and cash equivalents at the end of the year	17	**(1,097,618,416)**	(1,057,982,419)

The notes on pages 12 to 36 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1. Significant accounting policies

Uberior Ventures Limited ("the Company") is a company domiciled in Scotland.

The financial statements were authorised for issue by the Directors on 29th September 2010.

(a) Financial statements

The financial statements of Uberior Ventures Limited comprise of the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement together with the related Notes to the financial statements.

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

(b) Statement of compliance

The 2009 statutory financial statements set out on pages 7 to 36 have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the European Union. The standards applied by the Company are those endorsed by the European Union and effective at the date the financial statements are approved by the Board. Consequently, the financial statements comply with International Financial Reporting Standards.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

(c) Basis of preparation

The financial statements have been prepared under the historical cost basis, except that the following assets and liabilities are stated at their fair values: financial instruments classified as available for sale.

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

(i) IAS 1 *Presentation of financial statements*. The revised standard prohibits the presentation of items of income and expense (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the Income Statement and Statement of Comprehensive Income). The Company has elected to present two statements: an Income Statement and a Statement of Comprehensive Income. The financial statements have been prepared under the revised disclosure requirements; the application of this revised standard, which affects presentation only, has not had any impact on amounts recognised in these financial statements.

(ii) Amendments to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*. The amendments require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of a three level fair value measurement hierarchy for financial instruments carried on the Company's balance sheet at fair value. As the amendments only result in additional disclosures, the amendments have not had any impact on amounts recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(c) Basis of preparation (continued)

The application of the following IFRS pronouncements which all became effective in 2009 has had no material impact on these financial statements:

- Amendment to IFRS 2 *Share-based Payments – Vesting Conditions and Cancellations*. This amendment to IFRS 2 *Share-based Payments* restricts the definition of 'vesting condition' to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation.

- Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement*. This amendment clarifies that a reassessment of embedded derivatives is required whenever a financial asset has been reclassified out of the fair value through profit or loss category.

- IFRS 8 *Operating Segments.* This new standard replaces IAS 14 *Segment Reporting* and requires reporting of financial and descriptive information about operating segments which are based on how financial information is reported and evaluated internally. There is no segment information for the year ended 31 December 2009 or for the corresponding comparative period presented in these financial statements.

- IFRIC 13 *Customer Loyalty Programmes.* This interpretation addresses accounting by entities who grant customer loyalty award credits to customers as part of sales transactions and which can be redeemed in the future for free or discounted goods or services.

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation.* This interpretation provides guidance on accounting for hedges of net investments in foreign operations in an entity's consolidated financial statements.

- IAS 23 *Borrowing Costs.* This revised standard requires interest and other costs incurred in connection with the borrowing of funds to be recognised as an expense excepting that those which are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for their intended use or sale must be capitalised as part of the cost of those assets.

- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation.* The amendments require some puttable financial instruments (being those which give the holder the right to put the instrument back to the issuer for cash or another financial asset) and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

- *Improvements to IFRSs* (issued May 2008). Sets out minor amendments to IFRS standards as part of annual improvements process. Most amendments clarified existing practice.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(d) IFRS and IFRIC not yet applied

The following pronouncements will be relevant to the Company but were not effective at 31 December 2009 and have not been applied in preparing these financial statements. The full impact of these accounting changes is being assessed by the Company. With the exception of IFRS 9 *Financial Instruments: Classification and Measurement,* the initial view is that none of these pronouncements are expected to cause any material adjustments to reported numbers in the financial statements.

Pronouncement	Nature of change	IASB effective date
IFRS 3 *Business Combinations*	The revised standard continues to apply the acquisition method to business combinations, however, all payments to purchase a business are to be recorded at fair value at the acquisition date, some contingent payments are subsequently remeasured at fair value through income, goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest, and all transaction costs are expensed.	Annual periods beginning on or after 1 July 2009.
IAS 27 *Consolidated and Separate Financial Statements*	Requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control; any remaining interest in an investee is remeasured to fair value in determining the gain or loss recognised in profit or loss where control over the investee is lost.	Annual periods beginning on or after 1 July 2009.
IFRIC 17 *Distributions of Non-cash Assets to Owners*	Provides accounting guidance for non-reciprocal distributions of non-cash assets to owners (and those in which owners may elect to receive a cash alternative).	Annual periods beginning on or after 1 July 2009.
Amendment to IAS 39 *Financial Instruments: Recognition and Measurement –'Eligible Hedged Items'*	Clarifies how the principles underlying hedge accounting should be applied in particular situations.	Annual periods beginning on or after 1 July 2009.
Improvements to IFRSs (issued April 2009)	Sets out minor amendments to IFRS standards as part of annual improvements process.	Dealt with on a standard by standard basis but not earlier than annual periods beginning on or after 1 January 2010.
Amendments to IFRS 2 Share-based Payment - *'Group Cash-settled Share-based Payment Transactions'*	Clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, whether or not settled in shares or cash.	Annual periods beginning on or after 1 January 2010.
Amendment to IAS 32 *Financial Instruments: Presentation – 'Classification of Rights Issues'*	Requires rights issues denominated in a currency other than the functional currency of the issuer to be classified as equity regardless of the currency in which the exercise price is denominated.	Annual periods beginning on or after 1 February 2010.
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	Clarifies that when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor, a gain or loss is recognised in profit or loss representing the difference between the carrying value of the financial liability and the fair value of the equity instruments issued; the fair value of the financial liability is used to measure the gain or loss where the fair value of the equity instruments cannot be reliably measured.	Annual periods beginning on or after 1 July 2010.
IAS 24 *Related Party Disclosures*	Simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities.	Annual periods beginning on or after 1 January 2011.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(d) IFRS and IFRIC not yet applied (continued)

Pronouncement	Nature of change	IASB effective date
Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement*	Applies when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements and permits such an entity to treat the benefit of such an early payment as an asset.	Annual periods beginning on or after 1 January 2011.
IFRS 9 *Financial Instruments: Classification and Measurement*[1]	Replaces those parts of IAS 39 *Financial Instruments: Recognition and Measurement* relating to the classification and measurement of financial assets. Requires financial assets to be classified into two measurement categories, fair value and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instrument. The available-for-sale financial asset and held-to-maturity categories in existing IAS 39 will be eliminated.	Annual periods beginning on or after 1 January 2013.

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

(e) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on equities and similar non-monetary items measured at fair value through profit or loss are recognised in the Income Statement as part of the fair value gain or loss. Translation differences on available for sale non-monetary financial assets, such as equity shares, are included in the Available for Sale Reserve in other comprehensive income.

(f) Investment securities

Jointly controlled entities and associates

Joint ventures are entities over which the Company has joint control under a contractual arrangement with other parties.

Associates are entities over which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the entity and is normally achieved through holding between 20% and 50% of the voting share capital of the entity.

The Company records such investments at historic cost less impairment.

Investment in subsidiary undertakings

Subsidiaries include entities over which the Company has the power to govern the financial and operating policies which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Details of the principal subsidiaries are given in Note 13 to the Financial Statements.

Subsidiaries comprise equity investments in, and capital contributions to subsidiary entities. These are carried at cost less impairment provisions. At each reporting date an assessment is undertaken to determine if there is any indication of impairment. This assessment can include reviewing factors such as the solvency, profitability and cash flows generated by the subsidiary. If there is an indication of impairment, an estimate of the recoverable amount is made. If the carrying value exceeds the recoverable amount then a provision for impairment is made to reduce the carrying value to the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(f) Investment securities (continued)

Investments in debt and equity securities

Debt securities for which there is no active market are classified as loans and receivables. They are initially recognised at fair value plus directly related incremental transaction costs and are subsequently carried on the balance sheet at amortised cost using the effective interest rate method less provision for impairment. Income on debt securities is recognised upon receipt and recorded as investment income in the Income Statement.

All other investment securities are classified as available for sale. They are initially recognised at fair value plus directly related incremental transaction costs and are subsequently carried on the balance sheet at fair value. Unrealised gains or losses arise from changes in the fair values and are recognised in the Statement of Comprehensive Income and accumulated in the Available for Sale Reserve, except for impairment losses which are recognised immediately in the Income Statement as impairment on investment securities. Income from equity shares is credited to investment income. On sale or maturity, previously unrealised gains and losses are reclassified from other comprehensive income to other operating income.

(g) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash balances and overdrafts held within Lloyds Banking Group that are freely available and deposits held with Lloyds Banking Group with an original maturity of three months or less.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(i) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Financial assets carried at amortised cost – the criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not other wise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including adverse changes in the payment status of borrowers in the portfolio; and national or local economic conditions that correlate with defaults on the assets in the portfolio.

If there is objective evidence that an impairment loss on a financial asset or group of financial assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment was recognised, the previously recognised impairment loss is reversed through the Income Statement.

Financial assets designated as Available for Sale – when a decline in the fair value of a financial asset classified as available for sale has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income Statement.

If, in a subsequent period, the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through other comprehensive income.

Jointly Controlled Entities and Associates - the Company assesses at the end of each reporting period whether there is objective evidence that an asset or group of assets is impaired. Equity investments are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment and that event (or events) has an impact on the recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Company considers, as a minimum, the following indications:

- during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(i) Impairment of financial assets (continued)

Jointly Controlled Entities and Associates (continued)

- significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

If there is objective evidence of impairment, an impairment loss is recognised for the amount by which the asset or group of asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

At the end of each reporting period the Company assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indicator exists, and there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised, the previously recognised impairment loss is reversed through the Income Statement.

(j) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis. Interest-bearing loans and borrowings are derecognised from the balance sheet upon settlement of all monies due in connection with such borrowings or forgiveness by the lender of all indebtedness.

(k) Dividends

Dividend income is recognised when the right to receive payment is established and recognised in the Income Statement as Income from investment in associates or Income from Investment in jointly controlled entities.

(l) Trade and other payables

Trade and other payables are stated at cost.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(n) Revenue recognition

Interest income and expense are recognised in the Income Statement for all interest-bearing financial instruments, except for those classified at fair value through profit or loss and income on debt securities, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(n) Revenue recognition (continued)

The effective interest rate is calculated on initial recognition of the financial asset or liability, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts expected to be paid or received by the Company including expected early redemption fees and related penalties and premiums and discounts that are an integral part of the overall return. Direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument are also taken into account in the calculation. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss (see i above).

Income on debt securities is recognised upon receipt as investment income.

Fees and commissions which are not an integral part of the effective interest rate are generally recognised when the service has been provided within other income in the Income Statement.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within loss / profit on disposal of investments in the Income Statement.

(o) Net finance costs

Net finance costs comprise interest payable on borrowings, foreign exchange gains and losses and interest received on funds invested.

(p) Taxation

Current income tax which is payable/recoverable on taxable profits/losses is recognised as expense/income in the period in which the profits/losses arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the difference will not reverse in the foreseeable future. Income tax payable on profits is recognised as an expense in the period in which those profits arise. The tax effects of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. Deferred tax related to fair value re-measurement of available for sale investments and cash flow hedges, which are charged or credited to the Statement of Comprehensive Income, is also credited or charged to the Statement of Comprehensive Income and is subsequently reclassified to the Income Statement together with the deferred gain or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

2. Going concern – Principles underlying going concern assumption

The Company is reliant on funding provided by Bank of Scotland plc. Notwithstanding the improvement in market liquidity during 2009, the Company's ultimate parent company, Lloyds Banking Group plc, continues to be reliant on UK Government sponsored measures to maintain its wholesale funding position. The Directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries including the Company will continue to receive funding in the future and, accordingly, the financial statements have been prepared on a going concern basis.

3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty in these Financial Statements, which together are deemed critical to the Company's results and financial position, are discussed below.

(a) Designation of financial instruments

The Company has classified its financial instruments in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. In some instances the classification is prescribed whilst in others the Company is able to exercise judgement in determining the classification as follows:

Non-derivative financial assets, other than those held for trading, where there is no active market and which have fixed or determinable payments are classified as 'loans and receivables';

The Company has chosen not to designate any financial assets as 'held to maturity';

All other financial assets are classified as 'available for sale'; and

All other financial liabilities are classified as 'at amortised cost'.

The accounting treatment of these financial instruments is set out in the relevant accounting policy.

(b) Impairment of available for sale investments

As explained in the accounting policy, investment securities classified as available for sale are continually reviewed at the specific investment level for impairment. Impairment is recognised when there is objective evidence that a specific financial asset is impaired. Objective evidence of impairment might include a significant or prolonged decline in market value below the original cost of a financial asset and, in the case of debt securities, non-receipt of due interest or principal repayment, a breach of covenant within the security's terms and conditions or a measurable decrease in the estimated future cash flows since their initial recognition.

The disappearance of active markets, declines in market value and ratings downgrades do not in themselves constitute objective evidence of impairment and, unless a default has occurred on a debt security, the determination of whether or not objective evidence of impairment is present at the balance sheet date requires the exercise of management judgement.

(c) Fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Management uses its judgement to select appropriate valuation models and further judgements are exercised when assessing the inputs to, and outcomes from, the valuation model.

Note 21 to the Financial Statements provides further information regarding the fair value of financial instruments not traded in active markets, including sensitivity analysis of the key management judgements.

(d) Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, when assessing the extent to which deferred tax assets should be recognised consideration is given to the timing, nature and level of future taxable income. The recognition of deferred tax assets relating to tax losses carried forward relies on profit projections and taxable profit forecasts prepared by management, where a number of assumptions are required based on the levels of growth in profits and the reversal of deferred tax balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

4. Investment income

	2009	2008
	£	£
Available for sale investments	-	1,228,500
Loans and receivables	**2,697,385**	7,819,302
	2,697,385	9,047,802

5. Administrative expenses

	2009	2008
	£	£
Legal & professional fees	**487,560**	22,290
Management fee expense	**2,987,990**	-
	3,475,550	22,290

The Company has no employees and the Directors received no remuneration in respect of their services to the Company.

6. Other income

	2009	2008
	£	£
Fee and commission income	**2,362,369**	5,538,634

7. Other expenses

	2009	2008
	£	£
Audit fees	**9,200**	9,400

8. Net finance costs

	Note	2009	2008
		£	£
Interest received on loan notes with related parties	24	**1,739,789**	1,744,556
Interest received on income tax refunds		**1,406,917**	-
Interest received on deposits		**15,903**	109,942
Other interest received		**37**	94,414
Finance income		**3,162,646**	1,948,912
Interest on borrowings		**(1,290,544)**	(4,032,992)
Interest on amounts due to related parties	24	**1,023,921**	(3,052,526)
Foreign currency loss on settlement of shareholder loan		**(3,651,131)**	-
Other foreign currency (loss) /gain		**(426,617)**	447,499
Finance costs		**(4,344,371)**	(6,638,019)
Net finance costs		**(1,181,725)**	(4,689,107)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

9. Income tax credit

	Note	2009 £	2008 £
Current tax			
Current tax on loss for the year		**(97,207,722)**	(84,166,967)
Adjustments for prior years		**1,052,599**	(14,408,282)
		(96,155,123)	(98,575,249)
Deferred tax			
Current year		**(168,975)**	50,356
Adjustments for prior years		**-**	1,598,522
	15	**(168,975)**	1,648,878
Total income tax credit		**(96,324,098)**	(96,926,371)

The current tax credit is lower (2008: lower) than the standard value of corporation tax in the UK applied to the loss for the year due to the following factors:

	2009 £	2008 £
Loss before tax	**(576,192,449)**	(609,862,034)
Loss multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28.5%)	**(161,333,886)**	(173,810,680)
Expenses not deductible/(income not chargeable) for corporation tax purposes	**7,609,070**	(4,710,153)
Book gains covered by capital losses/indexation/substantial shareholdings	**(5,185,047)**	(2,815,751)
Amounts written off investment securities	**33,684,146**	57,199,819
Adjustments to tax in respect of previous periods	**1,052,599**	(12,809,760)
Losses with no deferred tax set up	**27,849,020**	40,192,947
Other	**-**	(172,793)
Total income tax credit	**(96,324,098)**	(96,926,371)

10. Current tax asset

The current tax asset of £181,943,952 (2008: £82,123,741) represents the amount of income taxes receivable in respect of current and prior periods that exceed payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

11. Investment in associates

	2009	2008
	£	£
At 1 January	**62,788,859**	108,673,052
Additions	**4**	22,773,146
Disposals	**(483,413)**	(1,246,147)
Impairments in the Income Statement	**(55,839,298)**	(67,411,192)
At 31 December	**6,466,152**	62,788,859

Of the amounts written off during 2009, £26.5m relates to a company operating in the healthcare sector and £21.1m to a company operating in the real estate sector, both have been severely impacted by the economic downturn.

The Company has a portfolio of associate investments. Details of the main investment in associate entities are as follows:

Name of associate entity	Proportion of ownership	Issued share capital	Principal business	Incorporated	Reporting date of financial statements
Chelsfield Partners LLP	22.52%	£19,915,000 (members capital)	Property investment and development	UK	31 December
Continental Shelf 225 Limited	47.46%	13,800,000 £1 ordinary shares	Property investment	UK	31 March
Fusion Securities Limited	48%	480,000 £1 A ordinary shares, 480,000 £1 B ordinary shares, 40,000 £1 C ordinary shares	Property letting	UK	31 December
Myriad Healthcare Limited	17.17%	14,900,000 £0.10 B ordinary shares and 11,500,000 £1 C ordinary shares	Operation of residential care homes	UK	31 March
Paradigm Real Estate Managers Limited	14.79%	14,503 £0.01 A ordinary shares, 50,281 £0.01 B ordinary shares, 52,535 £0.01 C ordinary shares, 20,361 £0.01 D ordinary shares	Property management and development	UK	31 March
Trade Park Unit Trust	48.67%	31,643,747 units	Management of out of town trade parks	Jersey	31 December

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

12. Investment in jointly controlled entities

	2009	2008
	£	£
At 1 January	**125,402,619**	355,398,858
Additions	**1,705,821**	32,669,325
Disposals	**(2,667,724)**	(4,308,901)
Impairments in the Income Statement	**(96,267,208)**	(258,356,663)
At 31 December	**28,173,508**	125,402,619

Of the amounts written off during 2009, £56.6m relates to two companies in the hotel industry and £19.0m relates to a company in the real estate sector, all have been severely impacted by the economic downturn.

The Company has a portfolio of jointly controlled entity investments. Details of the main jointly controlled entities are as follows:

Name of jointly controlled entity	Proportion of ownership	Issued share capital	Principal business	Incorporated	Reporting date of financial statements
Agora Shopping Centres Limited	50%	7,323,013 £1 B ordinary shares	Property investment	UK	31 March
Breezeroad Limited	50%	31,640,000 £1 B ordinary shares	Hotelier	UK	31 December
Continental Shelf 291 Limited	40.09%	8,118,750 £1 A ordinary shares	Investment company	UK	31 March
Insight Residential Real Estate (Holdings) Limited	50%	16,100,000 £1 B ordinary shares	Property investment	UK	31 December
Macdonald Hotels Limited	50%	5,500,000 £1 B ordinary shares	Hotelier	UK	30 September
Pureskill Limited	50%	10,000,000 1p B ordinary shares	Management activities	UK	31 December
Radial Distribution Limited	50%	8,345,419 £1 B ordinary shares	Property investment	UK	31 March
Rocco Forte & Family (Luxury Hotels) Limited	50%	27,255 £1 B ordinary shares	Hotelier	UK	30 April
Sand (Sahara) LLP	47%	£1,807,847 (members capital)	Owner and lessor of petrol stations	UK	31 December
Sapphire Retail Fund Limited	50%	250,000 £1 B ordinary shares	Property investment	UK	31 December
Stessa Investments Limited	50%	19,978,490 £0.01 A ordinary shares	Real estate funds investment	UK	31 December

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

13. Investment in subsidiary undertakings

	2009	2008
	£	£
At 1 January	24,560,073	22,061,073
Additions	-	2,500,000
Disposals	(2,500,000)	-
Impairments in the Income Statement	(21,903,619)	(1,000)
At 31 December	156,454	24,560,073

The Company impaired £21,903,619 on the value of Credential Lothian Limited (formerly Uberior Ventures Credential Limited) in the current year.

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Proportion of ownership	Principal business	Incorporated	Reporting date of financial statements
aAim Turbo LLP	68%	Investment holding company	UK	31 May
Credential Lothian Limited (formerly Uberior Ventures Credential Limited)	100%	Investment holding company	UK	31 December
Quill Securities Limited	100%	Investment holding company	UK	31 December
The Mound Property Company Limited	100%	Property investment company	UK	31 December
Uberior Jersey Limited	100%	Investment holding company	Jersey	31 March
Uberior Europe Limited	100%	Investment holding company	UK	31 December
Uberior (Moorfield) Limited	100%	Investment holding company	UK	31 December
Uberior Real Estate Fund Limited	100%	Investment holding company	UK	31 December
Uberior (Rodinheights) Limited	100%	Investment holding company	UK	31 December
Disposed of during the current year:				
Uberior Ventures (Fountainbridge 1) Limited	100%	Developer of commercial offices	UK	31 December
Uberior Ventures (Fountainbridge 2) Limited	100%	Developer of residential properties	UK	31 December

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

14. Investments

	Note	2009 Total £	2008 Total £
Investments			
Debt securities	(a)	**90,161,870**	407,136,933
Equity securities	(b)	**11,544,807**	28,939,705
Total net investments		**101,706,677**	436,076,638
Income statement impairment charge in the year			
Debt securities	(a)	**(340,716,301)**	(310,413,878)
Equity securities	(b)	**(31,201,979)**	(15,580,095)
		(371,918,280)	(325,993,973)

(a) Debt securities

The movement in debt securities classified as loans and receivables can be summarised as follows:

	2009 £	2008 £
Gross debt securities		
As at 1 January	**717,550,811**	657,267,755
Exchange translation	**(1,108,628)**	7,314,678
Additions	**57,905,803**	248,826,835
Disposals	**(117,191,288)**	(195,858,457)
Transfers	**(67,827,173)**	-
As at 31 December	**589,329,525**	717,550,811
Provision for impairment		
As at 1 January	**(310,413,878)**	-
New provisions	**(340,716,301)**	(310,413,878)
Release of provisions on disposal	**84,790,739**	-
Transfers	**67,171,785**	-
As at 31 December	**(499,167,655)**	(310,413,878)
Net debt securities		
As at 31 December	**90,161,870**	407,136,933

The gross debt security value of £589,329,525 (2008: £717,550,811) includes £573,527,555 (2008: £371,033,441) of investments which are considered impaired, and which have a provision for impairment of £499,167,655 (2008: £310,413,878) to reduce their carrying value in accordance with the accounting policy detailed in Note 1 (i) to the Financial Statements.

The remaining gross value of debt securities relates to investments neither past due nor impaired, which have an internal credit rating as detailed in the table below:

	2009 £	2008 £
Internal credit rating:		
Satisfactory risk	-	156,529,058
Viable but monitoring	**15,801,970**	189,988,312
	15,801,970	346,517,370

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

14. Investments (continued)

(b) Equity securities

The movement in equity securities classified as available for sale can be summarised as follows:

	2009 £	2008 £
At 1 January	**28,939,705**	45,337,419
Additions	**8,428,154**	6,498,841
Disposals	**-**	(1,456,026)
Changes to fair value in available for sale investments	**5,378,927**	(5,860,434)
Impairments in the Income Statement	**(31,201,979)**	(15,580,095)
At 31 December	**11,544,807**	28,939,705

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets 2009 £	**Liabilities 2009 £**	**Net 2009 £**	Assets 2008 £	Liabilities 2008 £	Net 2008 £
Equity shares – available for sale	-	(168,975)	(168,975)	-	-	-
Other timing differences	168,975	-	168,975	-	-	-
Tax assets / (liabilities)	**168,975**	**(168,975)**	-	-	-	-

Movement in temporary differences in the year

	Balance at 1 Jan 2009 £	**Recognised in income £**	**Recognised in reserves £**	**Balance at 31 Dec 2009 £**
Equity shares – available for sale	-	-	**(168,975)**	**(168,975)**
Other timing differences	-	**168,975**	-	**168,975**
	-	**168,975**	**(168,975)**	-

	Balance at 1 Jan 2008 £	Recognised in income £	Recognised in reserves £	Balance at 31 Dec 2008 £
Equity shares – available for sale	(303,797)	-	303,797	-
Other timing differences	1,648,878	(1,648,878)	-	-
	1,345,081	(1,648,878)	303,797	-

Deferred tax assets of £63,544,557 (2008: £40,796,911) have not been recognised in respect of capital losses carried forward as there are no predicted future capital profits. Capital losses can be carried forward indefinitely.

16. Trade and other receivables

	2009 £	2008 £
Other trade receivables and prepayments	**272,155**	6,196,007

In the prior year loans and other receivables of £1,447,539 were acquired and fully impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

17. Cash and cash equivalents

	2009	2008
	£	£
Bank overdrafts	(1,104,952,299)	(1,061,370,833)
Bank deposits	7,333,883	3,388,414
	(1,097,618,416)	(1,057,982,419)

18. Capital and reserves

The distributable reserves of the Company are managed through the Lloyds Banking Group Capital and Funding Policy in order to maximise capital efficiency within Lloyds Banking Group. Dividends are paid from reserves available for distribution to the parent undertaking as reported by the previously approved annual accounts according to parameters set out at a Lloyds Banking Group level so as to avoid any build up of reserve balances within the Company. Other reserves, such as those arising on the revaluation of assets classified as 'available for sale' that are recognised in other comprehensive income and accumulated in equity, are not managed as part of capital.

Share capital

	Ordinary shares	
	2009	2008
	£	£
In issue at 31 December	1	1

The holder of the Ordinary Share is entitled to receive dividends as declared from time to time and is entitled to vote at meetings of the Company.

At 31 December 2009, the authorised share capital comprised 1,000 Ordinary Shares of £1 each (2008: 1,000). The one issued share is fully paid.

19. 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 21 to the Financial Statements.

	2009	2008
	£	£
Unsecured bank facility	133,398,818	147,613,238

Terms and debt repayment schedule

The unsecured bank facility is payable to the Company's intermediate parent undertaking, Bank of Scotland plc. The loans bear interest at a fixed rate of between 0.625% and 3.38% until the next roll over date and are payable at the end of the loan term.

The carrying amounts of the Company's borrowings denominated in Euros are £133,398,818 (2008: £147,613,238).

	2009	2008
	£	£
Amounts repayable:		
Current liabilities		
In one year or less	108,470,477	116,096,419
Non-current liabilities		
In more than one year but not more than two years	10,669,227	22,921,323
In more than two years but not more than five years	14,259,114	8,595,496
	24,928,341	31,516,819
Total interest-bearing loans and borrowings	133,398,818	147,613,238

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

20. Trade and other payables

	2009 £	2008 £
Amounts due to related parties	**45,014,759**	58,433,478
Other payables	**2,025,965**	5,781,848
Accruals and deferred income	**1,785,426**	14,940,367
	48,826,150	79,155,693

21. Financial instruments

Credit Risk

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. Credit exposures arise in the normal course of the Company's business, principally from investment activities that bring debt securities into the Company's asset portfolio. The table below sets out the maximum exposure to credit risk at the balance sheet date.

	Note	2009 £	2008 £
On balance sheet:			
Bank deposits	17	**7,333,883**	3,388,414
Investments - debt securities	14	**90,161,870**	407,136,933
Trade and other receivables	16	**272,155**	6,196,007
Amounts due by subsidiary undertakings	24	**26,130,869**	87,268,195
		123,898,777	503,989,549

Debt securities in issue are carried at amortised cost adopting the impairment policy described within Note 1(i) to the Financial Statements, exposure is concentrated amongst UK registered institutions who are primarily engaged in real estate activities. Other exposures consist of bank deposits with Lloyds Banking Group and trade receivables which, for the current year, consist predominantly of monitoring fees and accrued interest for the prior year. At the reporting date a number of the debt securities were considered impaired, these are included in the high risk category below.

The table below sets out the internal credit rating of net debt securities after impairment:

	2009 %	2008 %
Internal rating - Satisfactory risk	**-**	38
Internal rating - Viable but monitoring	**18**	47
Internal rating - High risk	**82**	15

Market rate risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors such as:

- Interest rates (interest rate risk)
- Foreign exchange rates (foreign exchange risk)
- Equity markets (equity risk)

At the reporting date, the Company's exposure to market risk arose from all of the above.

Interest rate risk

Interest rate risk exists where the Company's financial assets and liabilities have interest rates set under different bases, or which reset at different times.

Debt securities have both fixed and variable interest rates which respond to prevailing market rates of interest. These securities are funded by financial liabilities provided by another Lloyds Banking Group company. One of the facilities provided is a non-interest bearing overdraft and the other is fixed rate bank loans. Accordingly, the Company does not consider itself to have any significant interest rate exposures as demonstrated by the sensitivity note below.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

21. Financial instruments (continued)

Interest rate risk (continued)

Interest rate exposure is concentrated primarily within the UK money markets. The principal internal control metric is the interest income and expense sensitivity which measures how much of the current projection for the next 12 months' interest income and expense would alter if different assumptions were made about the future levels of interest rates.

The table below sets out the sensitivity of the Company's interest income and expense over a 12 month period to an immediate up and down 25 basis points (bps) change to all market interest rates as at the balance sheet date.

	2009	2008
	£	£
Impact of +25 bps shift	**17,710**	7,846
Impact of – 25 bps shift	**(17,710)**	(7,846)

The measure, however, is simplified in that it assumes all interest rates, for all currencies and maturities, move at the same time and by the same amount. Also, it does not recognise the impact of management actions that, in the event of an adverse rate movement, could reduce the impact of net interest income.

Foreign exchange risk
Foreign exchange risk arises on investments and borrowings denominated in a currency other than Sterling. The currency giving rise to this risk is the Euro. The Company follows a policy of ensuring that all foreign currency investments are matched with borrowings in the same currency, thus minimal sensitivity to foreign exchange exposure is considered to exist.

Equity risk
Equity risk exists from the Company's exposure to unlisted equity shares. The Company undertakes a full assessment of each entities potential for value creation prior to entering into a new transaction. Thereafter the performance of each investment is continually monitored and action taken as deemed appropriate in the circumstances. Further information about the Company's sensitivity to changes in the fair value of equity investments is set out below.

At the reporting date the carrying value of equity investments amounted to £11,544,807 (2008: £28,939,705). Unrealised gains/losses arising from changes in fair value of available for sale investments will be taken to other comprehensive income through the Available for Sale (AFS) Reserve except for impairment losses which are recognised immediately in the Income Statement.

The table below sets out the sensitivity of the AFS reserve (before tax) and profit before tax to a 10% fall in fair value of equity investments as at the balance sheet date.

	2009	**2009**	2008	2008
	AFS Reserve	**PBT**	AFS Reserve	PBT
	£	**£**	£	£
Unlisted equity investments	**1**	**1,154,480**	2,893,971	-

The underlying investment sector has concentrations around Real Estate (100%).

Geographic exposure is predominantly within the UK.

Liquidity risk
Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-balance sheet instruments. The Company's short term liquidity requirements are supported by a facility with another Lloyds Bank Group company subject to internal limits. Overall liquidity of Lloyds Banking Group is managed centrally.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

21. Financial instruments (continued)

The table below sets out the cash flows payable by the Company in respect of financial liabilities, by remaining contractual undiscounted repayments of principal and interest at the balance sheet date.

As at 31 December 2009

	Up to 1 mth	**1-3 mths**	**3-12 mths**	**1-5 yrs**	**Over 5 yrs**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Bank overdrafts	1,104,952,299	-	-	-	-	**1,104,952,299**
Interest-bearing loans and borrowings	-	100,890,936	8,687,902	25,892,342	-	**135,471,180**
Trade and other payables	48,858,358	-	-	-	-	**48,858,358**
Total liabilities	**1,153,810,657**	**100,890,936**	**8,687,902**	**25,892,342**	-	**1,289,281,837**

As at 31 December 2008

	Up to 1 mth	1-3 mths	3-12 mths	1-5 yrs	Over 5 yrs	Total
	£	£	£	£	£	£
Bank overdrafts	1,061,370,833	-	-	-	-	1,061,370,833
Interest-bearing loans and borrowings	-	108,626,042	9,594,775	33,031,415	-	151,252,232
Trade and other payables	79,362,322	-	-	-	-	79,362,322
Total liabilities	1,140,733,155	108,626,042	9,594,775	33,031,415	-	1,291,985,387

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

	Note	**2009 Carrying amount**	**2009 Fair value**	2008 Carrying amount	2008 Fair value
		£	**£**	£	£
Equity securities - available-for-sale	14	**11,544,807**	**11,544,807**	28,939,705	28,939,705
Debt securities – loans and receivables	14	**90,161,870**	**90,161,870**	407,136,933	407,136,933
Trade and other receivables	16	**272,155**	**272,155**	6,196,007	6,196,007
Amounts due by subsidiary undertakings	24	**26,130,869**	**26,130,869**	87,268,195	87,268,195
Cash and cash equivalents	17	**(1,097,618,416)**	**(1,097,618,416)**	(1,057,982,419)	(1,057,982,419)
Interest-bearing loans and borrowings	19	**(133,398,818)**	**(135,017,797)**	(147,613,238)	(148,447,336)
Trade and other payables	20	**(48,826,150)**	**(48,826,150)**	(79,155,693)	(79,155,693)
		(1,151,733,683)	**(1,153,352,662)**	(755,210,510)	(756,044,608)
Unrecognised losses		-	**(1,618,979)**	-	(834,098)

Estimation of fair values
The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

21. Financial instruments (continued)

Equity securities
Fair value of equity securities classified as available for sale is calculated in accordance with the group valuation policy. Fair value of unlisted equity securities is calculated in accordance with the International Private Equity Venture Capital guidelines. For direct investments, a valuation is calculated using a methodology appropriate to the underlying investment. This could either be an earnings multiple approach, a net asset value approach or a discounted cash-flow approach.

Debt securities
Where the recoverable value of a debt security is considered to be lower than its par value, an impairment has been processed to bring the carrying value down to the recoverable amount. Therefore it is considered that the carrying value of the debt securities approximates the fair value.

Trade and other receivables / payables / amounts due by subsidiary undertakings
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Interest-bearing loans and borrowings
Fair value is calculated based on discounted expected future principal and interest cash flows.

Fair value of financial instruments carried at fair value
Equity shares held as investment securities and measured as fair value at the end of the reporting period, are all categorised under the fair value hierarchy as Level 3.

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	Note	2009 £
Opening balance	14	**28,939,705**
Gains / (losses) recognised in:		
- Income Statement		**(31,201,979)**
- Other comprehensive income		**5,378,927**
Additions	14	**8,428,154**
Closing balance	14	**11,544,807**

During 2009 there were no investment securities which were transferred into or out of Level 3 of the fair value hierarchy.

Total losses included in the loss for the year in the above table are presented in the Income Statement as follows:

	2009 £
Total losses included in loss for the year:	
Impairment of investments	**(31,201,979)**
	(31,201,979)

Total gains or losses included in the Income Statement and other comprehensive income for the year in the above tables are attributable to gains or losses relating to those assets held at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

21. Financial instruments (continued)

Fair value of financial instruments carried at fair value (continued)
Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, changing one or more of the unobservable inputs used to reasonably possible alternative assumptions would have the following effects:

	Effect on Other Comprehensive Income	
	Favourable	**Unfavourable**
	£	**£**
31 December 2009		
Investment securities	**1,967,739**	**-**

The favourable and unfavourable effects of using reasonably possible alternative assumptions for investment securities have been calculated by recalibrating the valuation models.

A valuation method is selected for each of the equity investments carried at fair value, in accordance with the valuation policy.

This allows for an earnings multiple approach, net asset value approach, or discounted cash-flow approach to be taken; dependent on the sector and circumstances of each investee company.

The main inputs and assumptions under each method at 31 December 2009 are as follows:

- Earnings multiple approach - based on maintainable earnings and appropriate valuation multiple. The valuation multiples are based on the median of comparator company multiples which are then discounted as appropriate. It is reasonably possible that an alternative discount factor of plus or minus 10% could be applied to the multiple used in these valuations.

- Net asset value approach - valuation of assets and liabilities of the company. Depending on the individual circumstances of the company involved this may be based on most recent management accounts or statutory accounts and recent property valuations, adjusted appropriately for estimated property valuation movements, timing and recoverability issues. Alternatively, it can also be based on the most recent fund manager report adjusted for any specific disagreement in relation to the valuation of the underlying investments. It is reasonably possible that these adjustments were not required.

- Discounted cash-flow approach - estimated future cash-flow projections predominantly based on management forecasts with application of discount/sensitivity if deemed appropriate, exit yields/terminal multiples and discount rates determined based on knowledge of the investments, sector information and rates used in recent valuations. It is reasonably possible that an alternative discount factor of plus or minus 10% could apply in these valuations.

22. Financial commitments

As at 31 December 2009, the Company has committed £214m (2008: £222.5m) in investment securities of which £37.9m (2008: £98.5m) is undrawn.

As at 31 December 2009, the Company has committed £150m (2008: £150m) in partly paid ordinary shares, of which £115.6m (2008: £124m) is still unpaid.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

23. Guarantees

The Company has the following guarantees in place:

£12,000,000 of loan notes issued by its subsidiary Credential Lothian Limited.

Estimated payments of £11,000,000 in total on behalf of Uberior Ventures (Fountainbridge 1) Limited and Uberior Ventures (Fountainbridge 2) Limited, being deferred consideration payable on land acquisition. At the year end this guarantee was in the process of being transferred to Bank of Scotland plc.

To invest up to £176,000 of additional partner loans to Orchard Brae House LLP, to fund capital expenditure and up to £804,470 to fund interest shortfalls.

Counter-indemnity for €4,600,000 with Bank of Scotland plc. This equates to 50% of the €9,200,000 guarantee provided by Bank of Scotland plc to the landlord of the Charles Hotel in Munich.

24. Related parties

The Company has a related party relationship with its intermediate parent company Bank of Scotland plc. A number of banking transactions are entered into with Bank of Scotland plc in the normal course of business including loans and deposits.

The Company also has related party relationships with its subsidiary undertakings. The relationships with subsidiary undertakings have arisen due to the provision of funding to these companies.

Details of the related party transactions during the year are disclosed below.

(a) Transactions with Bank of Scotland plc

Nature of transaction	**Note**	Balance at 1 January 2009 £	**Balance at 31 December 2009 £**	**Income/ (expense) included in Income Statement for the year ended 31 December 2009 £**	Income/ (expense) included in Income Statement for the year ended 31 December 2008 £	**Disclosure in financial statements**
Bank overdraft	17	(1,061,370,833)	**(1,104,952,299)**	-	-	Cash and cash equivalents
Bank deposit account	17	3,388,414	**7,333,883**	-	-	Cash and cash equivalents
Term loans	19	(147,613,238)	**(133,398,818)**	-	-	Interest-bearing loans and borrowings
Interest receivable on bank account	8	-	-	**15,903**	109,942	Finance income
Interest payable on term loans	8	-	-	**(1,290,544)**	(4,032,992)	Finance costs

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

24. Related parties (continued)

(b) Transactions with subsidiary undertakings

Related party	Note	Balance at 1 January 2009	**Balance at 31 December 2009**	**Income/ (expense) included in Income Statement for the year ended 31 December 2009**	Income/ (expense) included in Income Statement for the year ended 31 December 2008	**Disclosure in financial statements**
		£	£	£	£	
Uberior (Rodinheights) Limited		34,316,964	**26,130,869**	-	-	Amounts due by subsidiary undertakings
Uberior Jersey Limited		14,356,436	-	**(14,776,302)**	-	Amounts due by subsidiary undertakings
aAim Turbo LLP		27,494,795	-	**(29,234,584)**	-	Amounts due by subsidiary undertakings
Uberior Ventures (Fountainbridge 1) Limited		2,442,000	-	-	-	Amounts due by subsidiary undertakings
Uberior Ventures (Fountainbridge 2) Limited		8,658,000	-	-	-	Amounts due by subsidiary undertakings
aAim Turbo LLP	8	-	-	**1,739,789**	1,744,556	Finance income
Total amounts due by subsidiary undertakings		87,268,195	**26,130,869**			

All transactions noted in the table above relate to intercompany receivable balances, with the exception of aAim Turbo LLP finance income of £1,739,789 (2008: £1,744,556) which relates to interest on loan notes.

During the year the Company disposed of two of its subsidiaries (Uberior Ventures (Fountainbridge 1) Limited and Uberior Ventures (Fountainbridge 2) Limited) to BoS plc for £2,500,000 resulting in no gain or loss.

(c) Transactions with joint ventures and associates

Nature of transaction	Note	Balance at 1 January 2009	**Balance at 31 December 2009**	**Income/ (expense) included in Income Statement for the year ended 31 December 2009**	Income/ (expense) included in Income Statement for the year ended 31 December 2008	**Disclosure in financial statements**
		£	£	£	£	
Fee and commission income	6	-	-	**2,362,369**	5,538,634	Other income
Interest on loan notes	8	-	-	**1,023,921**	(3,052,526)	Finance costs

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

25. Post balance sheet event

(a) A number of measures announced in the June 2010 Budget Statement will affect the Company.

The Finance (No.2) Act 2010 includes legislation to reduce the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. The effect of the change would be to reduce the unrecognised deferred tax asset by £2,269,448.

The proposed further reductions in the rate of corporation tax by 1% per annum to 24% by 1 April 2014 are expected to be enacted separately each year starting in 2011. The effect of these further changes upon the Company's unrecognised deferred tax asset cannot be reliably quantified at this stage.

(b) On the 14th June 2010 the Company disposed of its entire shareholding in aAim Turbo LLP for a nominal sum.

(c) At the date of approval of these financial statements, one of the Company's subsidiaries, Credential Lothian Limited (formerly Uberior Venture Credentials Limited), is undergoing a restructuring. This will result in a reduction of the subsidiary's share capital and the transfer of its interests in the jointly controlled entities to the Company at book value. The Company will then dispose of its 100% shareholding in Credential Lothian Limited. At the date of this report the consideration for the disposal of the Company's 100% holding of the share capital have not been finalised. All of these transactions are expected to be completed before 31 December 2010.

26. Parent undertakings

As at 31 December 2009 the Company's immediate parent company was Uberior Investments plc. The company regarded by the Directors as the ultimate parent undertaking and controlling party is Lloyds Banking Group plc (formerly Lloyds TSB Group plc) which is incorporated in Scotland. Lloyds Banking Group plc has produced accounts for the year ended 31 December 2009. Copies of the annual report and accounts of Lloyds Banking Group plc for the year ended 31 December 2009 may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London EC2V 7HN.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names are listed in the Directors' Report confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and

- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBERIOR VENTURES LIMITED

We have audited the financial statements of Uberior Ventures Limited for the year ended 31 December 2009 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 37, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 2009 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

HAnderson

Hamish Anderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 September 2010