

UBERIOR VENTURES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
MEMBER OF LLOYDS BANKING GROUP

MONDAY



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COMPANIES HOUSE

Company Number SC235067

Directors

B S Anderson
P S Dickson
A J N Hewitt

Company Secretary

Lloyds Secretaries Limited

Registered Office

Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Atria One
144 Morrison Street
EDINBURGH
EH3 8EX

Bankers

Bank of Scotland plc
Head Office
The Mound
Edinburgh
EH1 1YZ

STRATEGIC REPORT**For the year ended 31 December 2013**

The Directors submit their strategic report on Uberior Ventures Limited ("the Company") for the year ended 31 December 2013.

Principal activity

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

Review of the business

During the year the Company managed investments for value and where appropriate supported the investments with additional funding. The business is funded by the Company's intermediate parent undertaking. On the basis that the Company is an investment holding company, its performance is considered in respect of the underlying investment portfolio performance and valuations. As such, the key financial performance indicators relate to investment gains on disposal and valuation movements e.g. movements in the fair value of investments, including impairment charged to the Income Statement and, to a lesser extent, the income received from investments and subsidiaries. The various aspects of performance are described in more detail in the performance section of the Strategic Report.

The Company's actions are governed by the Codes of Business Responsibility of the ultimate parent undertaking, Lloyds Banking Group plc, which set out clear guidelines for responsible behaviour across the business, including human rights, social, ethical and environmental responsibilities. The detailed guidelines governing the Company's actions can be viewed in the consolidated annual report and financial statements of Lloyds Banking Group plc and may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London, EC2V 7HN or downloaded via www.lloydsbankinggroup.com.

The Company has no employees (2012: none) and therefore the Directors have not commented on employee matters.

Risk management

The key risks and uncertainties faced by the Company are managed within the framework established for the Lloyds Banking Group plc ('The Group'). Exposure to credit risk and interest rate 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 20 to the financial statements. The Company is funded by its intermediate parent undertaking and as a result liquidity risk is managed within the 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. At the end of the year the Company's financial liabilities are non-interest bearing so exposure to interest rate risk is limited.

Performance

The Company's profit before tax for the financial year is £3,864,045 (2012: profit before tax £95,545,296). This represents a decrease in profit before tax of 96% (2012: increase 2,591%).

In 2013, the Company has assessed the requirement for impairment of investment securities and loans receivable. In 2012 there was a reversal of impairment of £9,310,743 while this year an impairment of £9,872,911 has occurred. Fluctuations in the underlying performance of investments have resulted in an impairment in the year.

During the current year the Company received dividend income of £4,022,410 compared to £80,109,429 in 2012 from subsidiaries and jointly controlled entities. The Company also disposed of investments which resulted in a gain on disposal of £582,472 being recognised in the Income Statement. This compares to a £5,427,383 gain on disposal recognised in 2012. 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.

STRATEGIC REPORT (continued)
For the year ended 31 December 2013

The Balance Sheet shows total assets of £148,145,820 in 2013 compared to £166,800,436 in 2012. There has been a reduction in investments of £55,410,892 (2012: £13,892,465) whilst cash and cash equivalents have increased by £36,738,470 (2012: £14,339,435).

The decrease is partly attributable to net disposals and impairments of investments in associates and in jointly controlled entities of £11,226,354 (2012: net disposals £2,945,120) and net disposals and fair value adjustments of debt securities and equity shares of £44,184,538 (2012: net disposals £10,947,343). The decrease is partly offset by the level of reversal of impairments of investments securities and investments in the year of £1,519,008 (2012: impairment reversal of £9,310,743).

The current year decrease in corporation tax payable of £11,623,033 to £5,016,221 (2012: £16,639,254) is attributable to receipts of Group relief during 2013 and includes a prior year adjustment of (£214,530) (2012: £17,835,596).

The Company is reviewed through quarterly board meetings and valuation committees.

On behalf of the Board,



Bruce Anderson
Director

26th June 2014

Company Number SC235067

Registered Office

Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

DIRECTORS' REPORT**For the year ended 31 December 2013**Directors

B S Anderson
P S Dickson
A J N Hewitt

The Directors submit their report and audited financial statements of Uberior Ventures Limited ("the Company") for the year ended 31 December 2013.

Incorporation

The Company was incorporated on August 7 2002. The Company was incorporated and is domiciled in Scotland.

Parent undertaking

The Company is a wholly owned subsidiary of Bank of Scotland plc. The ultimate parent undertaking and controlling party is Lloyds Banking Group plc (formerly Lloyds TSB Group), a company incorporated in Scotland.

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 for value and where appropriate supported the investments with additional funding.

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

Future developments

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

Results and dividends

The profit after tax for the year is £843,631 (2012: profit of £88,616,479). The Directors do not recommend the payment of a dividend in 2013 (2012: £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 and their interests

The Directors at the date of this report are stated above.

Dates of appointments and resignations during the year, or subsequent to the year end, are as follows:

<u>Director</u>	<u>Date of appointment</u>	<u>Date of resignation</u>
D K Gateley	-	30 September 2013
J B Molony	-	18 February 2013
N Moss	-	19 April 2013
A J N Hewitt	10 June 2013	-

DIRECTORS' REPORT (continued)
For the year ended 31 December 2013

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.

Directors' indemnities

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

Independent Auditors and disclosure of information to Independent 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.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

DIRECTORS' REPORT (continued)**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' Report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- (b) he/ she 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.

On behalf of the Board,



Bruce Anderson
Director

26th June 2014

Company Number SC235067

Registered Office

Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

Independent auditors' report to the members of Uberior Ventures Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Uberior Ventures Limited, comprise:

- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Balance Sheet as at 31 December 2013;
- the Statement of Changes in Equity for the year then ended;
- the Cash Flow Statement for the year then ended and;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Uberior Ventures Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

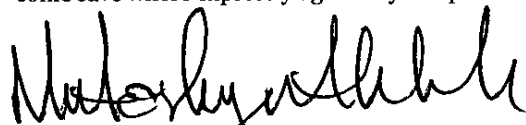
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

25 June 2014 .

INCOME STATEMENT**For the year ended 31 December 2013**

	Note	2013 £	2012 £
Investment income	4	8,497,551	739,238
Income from investment in associates		85,972	105,407
Income from investment in jointly controlled entities		4,022,409	90,021
Income from investment in subsidiary undertakings		1	80,019,408
		<u>12,605,933</u>	<u>80,954,074</u>
Profit on disposal of equity investments		582,472	7,050,936
Loss on disposal of debt securities		-	(1,623,553)
Net impairments of associates	11	(5,735,523)	(25,507)
Net (impairments)/reversal of impairments of jointly controlled entities	12	(5,656,396)	734,344
Net reversal of impairments of investments	14	1,518,008	8,601,906
Net reversal of impairments of subsidiaries	13	1,000	-
Total (impairments)/reversal of impairments		<u>(9,872,911)</u>	<u>9,310,743</u>
Administrative expenses	5	(198,031)	(326,421)
Other income	6	253,333	607,924
Other expenses	7	-	(721)
Net other income		<u>253,333</u>	<u>607,203</u>
Operating profit before finance costs		3,370,796	95,972,982
Finance income	8	493,298	311,921
Finance costs	8	(49)	(739,607)
Net finance costs	8	<u>493,249</u>	<u>(427,686)</u>
Profit before tax		3,864,045	95,545,296
Income tax charge	9	(3,020,414)	(6,928,817)
Profit after tax for the year		<u>843,631</u>	<u>88,616,479</u>
Attributable to:			
Owners		843,631	88,616,479
Profit for the year		<u>843,631</u>	<u>88,616,479</u>

The notes on pages 15 to 40 are an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013 £	2012 £
Profit for the year		843,631	88,616,479
Other comprehensive income:			
Movements in revaluation reserve in respect of available-for-sale financial assets:			
- changes in fair value		-	1,281,505
- transferred to income statement in respect of disposals		7,500	(2,193,974)
- taxation	15	-	226,242
Other comprehensive income for the year, net of tax		7,500	(686,227)
Total comprehensive income for the year		851,131	87,930,252
Total comprehensive income attributable to the owners		851,131	87,930,252
Total comprehensive income for the year		851,131	87,930,252

The notes on pages 15 to 40 are an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2013

	Note	2013 £	2012 £
Assets			
Investment in associates	11	-	5,210,345
Investment in jointly controlled entities	12	18,354	6,034,363
Investment in subsidiary undertakings	13	1	3
Investments	14	-	45,992,054
Total non-current assets		18,355	57,236,765
Cash and cash equivalents	17	145,233,754	108,495,284
Trade and other receivables	16	1,086,193	1,068,387
Investments	14	1,807,518	-
Total current assets		148,127,465	109,563,671
Total assets		148,145,820	166,800,436
Equity			
Share capital	18	1	1
Available-for-sale reserve	18	-	(7,500)
Capital reserve	18	968,009,812	968,009,812
Accumulated losses		(836,195,659)	(837,039,290)
Total equity		131,814,154	130,963,023
Liabilities			
Trade and other payables	19	11,315,445	19,197,157
Income tax payable	10	5,016,221	16,639,254
Amounts due to subsidiary undertakings	22	-	1,002
Total current liabilities		16,331,666	35,837,413
Total liabilities		16,331,666	35,837,413
Total equity and liabilities		148,145,820	166,800,436

The notes on pages 15 to 40 are an integral part of these financial statements.

The financial statements on pages 10 to 40 were approved by the Board of Directors on th26 June 2014 and were signed on its behalf by:



Bruce Anderson
Director

Company number: SC235067

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share Capital £	Available-for- Sale Reserve £	Capital Reserve £	Accumulated losses £	Total Equity £
Balance at 1 January 2012	1	678,727	968,009,812	(925,655,769)	43,032,771
Profit for the year					
Profit after taxation	-	-	-	88,616,479	88,616,479
Other comprehensive income					
Available-for-sale financial assets	-	(686,227)	-	-	(686,227)
Total comprehensive income	-	(686,227)	-	88,616,479	87,930,252
Balance at 1 January 2013	1	(7,500)	968,009,812	(837,039,290)	130,963,023
Profit for the year					
Profit after taxation	-	-	-	843,631	843,631
Other comprehensive income					
Available-for-sale financial assets	-	7,500	-	-	7,500
Total comprehensive income	-	7,500	-	843,631	851,131
Balance at 31 December 2013	1	-	968,009,812	(836,195,659)	131,814,154

The notes on pages 15 to 40 are an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2013

	Note	2013 £	2012 £
Cash flows from operating activities			
Operating profit before finance costs		3,370,796	95,972,982
Adjustments for non-cash transactions:			
Impairment of investments and loans and receivables		9,873,911	(9,310,743)
Reversal of impairments of subsidiaries		(1,000)	-
Non-cash dividend from subsidiary		(1)	(79,901,924)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		27,500	(775,875)
Decrease in trade and other payables		(7,881,710)	(658,134)
Acquisition of investments		(1,000,000)	(3,552,597)
Disposal of investments		46,544,479	26,193,334
Cash from operations		50,933,975	27,967,043
Interest paid		-	(280,475)
Income taxes paid		(14,643,448)	(60,983)
Net cash from operating activities		36,290,527	27,625,585
Cash flows from investing activities			
Interest received		447,992	328,259
Decrease in amounts due to subsidiary undertakings		-	(175,169)
Net cash from investing activities		447,992	153,090
Cash flows from financing activities			
Proceeds from borrowings		-	2,493,997
Repayment of borrowings		-	(15,532,098)
Net cash used in financing activities		-	(13,038,101)
Increase in cash and cash equivalents		36,738,519	14,740,574
Exchange loss on cash and cash equivalents		(49)	(401,139)
Cash and cash equivalents at 1 January		108,495,284	94,155,849
Cash and cash equivalents at 31 December	17	145,233,754	108,495,284

The notes on pages 15 to 40 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. Significant accounting policies

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

The financial statements were authorised for issue by the Directors on 26th June 2014.

(a) Financial statements

The financial statements of Uberior Ventures Limited comprise 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 2013 statutory financial statements set out on pages 10 to 40 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 and the Companies Act 2006 applicable to companies reporting under IFRS. 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 and similar exemptions available under *IFRS 10 'Consolidated Financial Statements'* 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. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(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 Company has adopted the following new standards and amendments to standards which became effective for financial years beginning on or after 1 January 2013. None of these standards or amendments to standards has had a material impact on these financial statements.

Changes in accounting policy

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities* and establishes the principles for when the Company controls another entity and is therefore required to consolidate the other entity in the Company's financial statements. Under IFRS 10, the Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the exercise of power. As previously noted, the Company has taken advantage of an exemption provided in IFRS 10 and is not required to prepare consolidated financial statements

IFRS 13 Fair Value Measurement

IFRS 13 has been applied with effect from 1 January 2013. IFRS 13 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. IFRS 13 requires that the fair value of a non-financial asset is determined based on the highest and best use of the asset, and that the fair value of a liability reflects its non-performance risk. These changes had no significant impact on the measurement of the Company's assets and liabilities. The IFRS 13 disclosures are given in Note 20 (Financial instruments).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013**1. Significant accounting policies (continued)****(c) Basis of preparation**Other presentation and disclosure changes

In addition to the accounting policy changes discussed above, on 1 January 2013 the Company adopted the following new standards and amendments to standards which impact the presentation and disclosures in these financial statements; none of these standards has had a material impact on the primary financial statements.

- The amendments to IFRS 7 require entities to disclose information to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on the balance sheet. These disclosures are given in the Financial Instrument Note Number 20.
- Amendments to IAS 1 *Presentation of Financial Statements – ‘Presentation of Items of Other Comprehensive Income’*

The amendments to IAS 1 require entities to group items presented in other comprehensive income on the basis of whether they may potentially be reclassified to profit or loss subsequently. The statement of other comprehensive income in these financial statements has been revised to reflect the new requirements.

- IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. These disclosures are made in the notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. Significant accounting policies (continued)

(d) Future accounting developments

The following pronouncements may have a significant effect on the Company's financial statements but are not applicable for the year ending 31 December 2013 and have not been applied in preparing these financial statements. Save as disclosed below, the full impact of these accounting changes is being assessed by the Company.

Pronouncement	Nature of change	IASB effective date
Amendment to IAS 32 Financial Instruments: Presentation – 'Offsetting Financial Assets and Financial Liabilities'	Inserts application guidance to address inconsistencies identified in applying the offsetting criteria used in the standard. Some gross settlement systems may qualify for offsetting where they exhibit certain characteristics akin to net settlement.	Annual periods beginning on or after 1 January 2014.
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – 'Novation of Derivatives and Continuation of Hedge Accounting' ¹	Provides relief from discontinuing hedge accounting in circumstances where a derivative designated as a hedging instrument is novated to a central counterparty as a consequence or introduction of laws or regulations.	Annual periods beginning on or after 1 January 2014.
IFRS 9 Financial Instruments ^{1,2}	Replaces those parts of IAS 39 Financial Instruments: Recognition and Measurement relating to the classification, measurement and derecognition of financial assets and liabilities and hedge accounting. IFRS 9 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 instruments and eliminated the available-for-sale financial asset and held-to-maturity investment categories in IAS 39. The requirements for derecognition are broadly unchanged from IAS 39. The standard also retains most of the IAS 39 requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value change attributable to the entity's own credit risk is recorded in other comprehensive income. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.	Date yet to be determined.

¹ As at the date of this report, these pronouncements are awaiting EU endorsement.

² IFRS 9 is the standard which will replace IAS 39. Further changes to IFRS 9 are expected dealing with impairment of financial assets measured at amortised cost, which will be based on expected rather than incurred credit losses, and limited amendments to classification and measurement which include the introduction of a third measurement category, fair value through other comprehensive income. Until the standard is complete, it is not possible to determine the overall impact of the standard on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

1. Significant accounting policies (continued)

(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 available-for-sale non-monetary financial assets, such as equity shares, are included in the Available-for-Sale Reserve in other comprehensive income.

(f) Investments

Jointly controlled entities and associates

Jointly controlled entities are joint arrangements over which the Company has joint control with other parties and has rights to the net assets of the arrangements. Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control of those policies, and is generally achieved through holding between 20 per cent and 50 per cent of the voting share capital of the entity.

The Company records such investments at historic cost less impairment.

Investments in subsidiary undertakings

Subsidiaries are entities controlled by the Company. The Company controls an entity when it has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through the exercise of its power. This 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 an entity. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to any of these factors. Details of the principal subsidiary is given in Note 13 to the financial statements.

Subsidiaries comprise equity investments in, and capital contributions, to subsidiary entities.

Investments in debt and equity securities

Debt securities not quoted in an 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 on an effective interest rate basis (see 1(n)) where it can be reliably estimated and recognised upon receipt where it cannot be reliably estimated and recorded as investment income in the Income Statement.

Financial assets at fair value through profit or loss are financial assets held for trading or where they are designated at fair value through profit and loss by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets at fair value through profit or loss are subsequently carried at fair value with gains or losses arising from changes in the fair value presented 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 profit or loss on disposal of equity investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

1. Significant accounting policies (continued)

(g) Trade and other receivables

Trade and other receivables are classified as current assets if collection is due within one year or less. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

(h) Cash and cash equivalents

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

(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 company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise 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 in the Income Statement.

Financial assets designated as available-for-sale – in addition to the criteria noted above, in the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the asset below its cost is also evidence that the assets are impaired. When a decline in the fair value of a financial asset classified as available-for-sale has been recognised in other comprehensive income 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 the Income Statement – is removed from other comprehensive income 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 the Income Statement, the impairment loss is reversed through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

1. Significant accounting policies (continued)

(j) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

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.

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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Jointly controlled entities and associates - 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;
- 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.

Subsidiaries - In respect of investments in subsidiaries this assessment can include reviewing factors such as the solvency, profitability and cash flows generated by the subsidiary.

(k) 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.

(l) Trade and other payables

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

1. Significant accounting policies (continued)

(m) Share capital

Ordinary shares are classified as equity. Called up share capital is determined using the nominal value of the shares that have been issued. 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, using the effective interest method where it can be reliably estimated and recognised on a cash basis where it cannot be reliably measured. 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.

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 1(i) above).

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

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

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

(o) Net financing costs

Net financing costs relate to interest payable on borrowings, foreign exchange gains and losses and interest receivable on cash and cash equivalents, deposits and other assets. Interest payable is recognised in the Income Statement using the effective interest rate method. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently. Interest income is recognised in the Income Statement as it accrues, using the effective interest method.

(p) Taxation

Current income tax which is payable/receivable on taxable profits/losses is recognised as an expense/credit in the period in which the profits/losses arise. The current income tax charge/credit is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

1. Significant accounting policies (continued)

(p) Taxation (continued)

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, 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. 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, 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.

(q) Financial assets

(i) Classification

The Company determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired. The Company has classified its financial assets into the following categories: loans and receivables, available-for-sale and fair value through profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'Investments in debt securities', 'Trade and other receivables' and 'Cash and cash equivalents' in the Balance Sheet (notes 1(f)(g)(h)).

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Company's available-for-sale assets comprise 'Investments in equity securities' in the Balance Sheet (note 1(f)).

(ii) Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method less provision for impairment. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

1. Significant accounting policies (continued)

(r) Financial liabilities

(i) Classification

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the purpose for which the financial liabilities were issued. The Company has classified its financial liabilities in the following category: other financial liabilities.

Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the reporting date. These are classified as non-current liabilities. The Company's other financial liabilities comprise 'Interest bearing loans and borrowings', 'Trade and other payables' (notes 1(k)(l)).

(ii) Recognition and measurement

Other financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. A financial liability is removed from the Balance Sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(t) Capital reserve

Where the Company receives consideration from one or more shareholders without a contractual obligation to repay it (a capital contribution or gift), this is treated as an increase in equity and recorded in the capital reserve. Capital contributions or gifts are considered realised profits for distributable reserves purposes when received in qualifying consideration.

2. Going concern – Principles underlying going concern assumption

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

3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies 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.

Critical judgements in applying the entity's accounting policies

The critical judgements that have been made in the process of applying the Company's accounting policies are addressed below.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

3. Critical accounting estimates and judgements (continued)

(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';
- In addition the venture capital exemption is taken for investments where significant influence or joint control is present and the investing area operates as a venture capital business. These investments are designated 'at fair value through profit or loss'. The policy is applied consistently across the Company's portfolios. Judgement is applied when determining whether or not a business area operates as a venture capital business. The judgement is based on consideration of whether, in particular, the primary business activity is investing for current income, capital appreciation or both; whether the investment activities are clearly and objectively distinct from any other activities of the Company; and whether the investee operates as a separate business autonomous from the Company;
- The Company has chosen not to designate any financial assets as 'held to maturity';
- A financial asset acquired principally for the purpose of selling in the short term and derivatives are classified as at 'fair value through profit and loss';
- 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.

Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(b) Impairment of investments

As explained in the accounting policy, investment securities 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 2013

4. Investment income

	2013 £	2012 £
Income from:		
Available-for-sale investments	8,449,312	-
Loans and receivables	48,239	739,238
	<u>8,497,551</u>	<u>739,238</u>

5. Administrative expenses

	2013 £	2012 £
Legal & professional fees	198,001	310,221
Other expenses	30	16,200
	<u>198,031</u>	<u>326,421</u>

The Company has no employees (2012: nil). The Directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The Directors are also directors of a number of other subsidiaries of Lloyds Banking Group plc and are also substantially engaged in managing their respective business areas within Lloyds Banking Group plc. It is therefore not possible to make an accurate apportionment of Directors emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors. The total emoluments of the Directors are included in the financial statements of the ultimate parent company, Lloyds Banking Group plc.

6. Other income

	2013 £	2012 £
Fee and commission income	<u>253,333</u>	<u>607,924</u>

7. Other expenses

	2013 £	2012 £
Fees payable to Company's auditor and its associates for other services:		
Other services pursuant to legislation	-	721
Fees payable to Company's auditor for the audit of the Company's financial statements *	-	-
	<u>-</u>	<u>721</u>

* The audit fee has been accrued and paid centrally by the Company's ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company.

8. Net finance income

	Note	2013 £	2012 £
Interest receivable on deposits with related parties	22	317,736	283,508
Other interest receivable		<u>175,562</u>	<u>28,413</u>
Finance income		<u>493,298</u>	<u>311,921</u>
Interest on borrowings from related parties	22	-	(235,972)
Interest on amounts due to related parties	22	-	(490,252)
Other foreign exchange loss		(49)	(13,383)
Finance costs		<u>(49)</u>	<u>(739,607)</u>
Net finance costs		<u>493,249</u>	<u>(427,686)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

9. Income tax charge

Recognised in the income statement

	Note	2013 £	2012 £
Current tax			
Current tax on profit for the year		3,234,944	2,000,630
Adjustments in respect of prior years		<u>(214,530)</u>	<u>17,835,596</u>
		3,020,414	19,836,226
Deferred tax			
Deferred tax charge for the year		-	226,242
Adjustments in respect of prior years		<u>-</u>	<u>(13,133,651)</u>
	15	-	(12,907,409)
Total income tax charge		<u>3,020,414</u>	<u>6,928,817</u>

The income tax charge is higher (2012: lower) than the standard rate of corporation tax in the UK applied to the profit for the year due to the following factors:

	2013 £	2012 £
Profit before tax	<u>3,864,045</u>	<u>95,545,296</u>
Profit multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	898,390	23,408,598
Income not chargeable for corporation tax purposes	(935,210)	(19,554,370)
Book gains covered by capital losses/indexation/substantial shareholdings	(135,425)	(1,679,933)
Amounts written off investment securities	3,407,189	(27,642)
Other	-	221,717
Adjustments in respect of prior years	(214,530)	4,701,945
Losses with no deferred tax set up	-	(146,023)
Impact of change in tax rate	-	4,525
Total income tax charge	<u>3,020,414</u>	<u>6,928,817</u>

10. Income tax payable and receivable

The current tax payable of £5,016,221 (2012: £16,639,254) represents the amount of income taxes payable in respect of current and prior years.

11. Investment in associates

	2013 £	2012 £
At 1 January	5,210,345	5,235,852
Additions	1,000,000	4
Disposals	(474,822)	(4)
Impairments in the income statement	(5,834,352)	(25,507)
Reversal of impairments in the income statement	<u>98,829</u>	<u>-</u>
At 31 December	-	5,210,345

Of the amounts written off during 2013, £5,834k related to companies operating in the property letting sector, which continues to be impacted by the economic downturn.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

11. Investment in associates (continued)

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 held	Principal business	Incorporated	Reporting date of financial statements
Continental Shelf 225 Limited	47.46%	6,550,000 £1 A ordinary shares	Holds shares in property investment companies	UK	31 March

12. Investment in jointly controlled entities

	2013 £	2012 £
At 1 January	6,034,363	8,953,976
Additions	-	2
Disposals	(359,613)	(3,653,959)
Impairments in the income statement	(5,689,121)	-
Reversal of impairments in the income statement	32,725	734,344
At 31 December	18,354	6,034,363

Of the reversal of impairments in 2013, £33k related to one company in the real estate sector.

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 held	Principal business	Incorporated	Reporting date of financial statements
Continental Shelf 291 Limited	40.09%	8,118,750 £1 A ordinary shares	Investment company	UK	31 March
Giant Property Consortium Limited	23.44%	2,344 £1 C ordinary shares	Property trading in the UK	UK	3 August
Octagon (Richmond) Limited	50%	1 £1 B ordinary share	Development of luxury residential property	UK	31 March
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 2013

13. Investment in subsidiary undertakings

	2013 £	2012 £
At 1 January	3	5
Net reversal of impairment of subsidiaries	1,000	-
Elimination of debt on liquidation of subsidiary	(1,000)	-
Disposals	(2)	(2)
At 31 December	<u>1</u>	<u>3</u>

During 2013 the Company disposed of three of its subsidiaries The Mound Property Company Limited, Uberior (Rodinheights) Limited and Uberior Real Estate Fund Limited.

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Proportion of ownership	Principal business	Incorporated	Reporting date of financial statements
Uberior Europe Limited	100%	Investment holding company	UK	31 December

The proportion of the voting rights in the subsidiary undertaking held directly by the Company do not differ from the proportion of ordinary shares held.

14. Investments

	Note	2013 £	2012 £
Investments			
Debt securities	(a)	1,807,518	45,649,554
Equity securities – available-for-sale	(b)	-	342,500
		<u>1,807,518</u>	<u>45,992,054</u>
 Income statement impairment reversal /(impairment charge) in the year			
Debt securities	(a)	1,518,008	8,601,906
Equity securities	(b)	-	-
		<u>1,518,008</u>	<u>8,601,906</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

14. Investments (continued)

(a) Debt securities

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

	2013 £	2012 £
Gross debt securities		
As at 1 January	142,729,974	400,071,327
Additions	-	930,138
Disposals	(110,217,286)	(258,271,491)
As at 31 December	<u>32,512,688</u>	<u>142,729,974</u>
Provision for impairment		
As at 1 January	(97,080,420)	(358,627,320)
New impairment reversal	1,518,008	8,601,906
Release of provisions on disposal	64,857,242	252,944,994
As at 31 December	<u>(30,705,170)</u>	<u>(97,080,420)</u>
Net debt securities		
As at 31 December	<u>1,807,518</u>	<u>45,649,554</u>

All assets have been individually assessed for impairment. The gross debt security value of £32,512,688 (2012: £142,729,974) includes £32,512,688 (2012: £140,879,974) of investments which are considered impaired, and which have a provision for impairment of £30,705,170 (2012: £97,080,420) to reduce their carrying value in accordance with the accounting policy detailed in Note 1(i) to the financial statements. No collateral was held.

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:

	2013 £	2012 £
Internal credit rating:		
Satisfactory risk	-	1,850,000
High risk/impaired	1,807,518	-
	<u>1,807,518</u>	<u>1,850,000</u>

(b) Equity securities – available-for-sale

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

	2013 £	2012 £
At 1 January	342,500	15,495,390
Additions	-	2,972,453
Disposals	(342,500)	(17,212,874)
Changes to fair value in available-for-sale investments	-	(912,469)
At 31 December	<u>-</u>	<u>342,500</u>

Included in available-for-sale financial assets at 31 December 2013 are equity securities individually determined to be impaired whose gross amount before impairment allowances was £nil (2012: £350,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

a) There were no deferred tax assets and liabilities reported in either 2012 or 2013.

b) Movement in temporary differences in the prior year

	Balance at 1 Jan 2012	Recognised in income	Recognised in reserves	Balance at 31 Dec 2012
	£	£	£	£
Equity securities – available-for-sale	(226,242)	-	226,242	-
Other timing differences	(12,907,409)	12,907,409	-	-
	<u>(13,133,651)</u>	<u>12,907,409</u>	<u>226,242</u>	<u>-</u>

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

Deferred tax assets of £11,896,000 (2012: £19,101,000) relating to assets carried at amortised cost or fair value have not been recognised on the basis that the Company has insufficient forecast taxable profits to recover the asset in future periods. Once crystallised following the disposal of the assets, capital losses can be carried forward indefinitely.

16. Trade and other receivables

	2013 £	2012 £
Other trade receivables and prepayments	<u>1,086,193</u>	<u>1,068,387</u>

17. Cash and cash equivalents

	2013 £	2012 £
Bank deposits	<u>145,233,754</u>	<u>108,495,284</u>
	<u>145,233,754</u>	<u>108,495,284</u>

18. Capital and reserves

Capital risk management

The distributable reserves of the Company are managed through the Lloyds Banking Group plc Capital and Funding Policy in order to maximise capital efficiency within Lloyds Banking Group plc. Dividends are paid from reserves available for distribution to the parent undertaking as reported by the previously approved annual report and financial statements according to parameters set out at a Lloyds Banking Group plc 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	
	2013 £	2012 £
In issue at 31 December	<u>1</u>	<u>1</u>

At 31 December 2013, the authorised share capital comprised 1,000 Ordinary Shares of £1 each (2012: 1,000). The one issued share is fully paid. During the year, as permitted by the Companies Act 2006, the company removed references to authorised share capital from its articles of association.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

Capital and reserves (continued)

Available-for-sale reserve

The available-for-sale reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised by disposal or impaired through the Income Statement.

Capital reserve

During 2011 the Company's intermediary parent company, Bank of Scotland plc, agreed to unconditionally and irrevocably release the Company from its obligations to repay the sum of £968,009,812 in respect of the bank overdraft position held by the Company. This was recognised as a capital contribution in the capital reserve during 2011 and represents a realised profit for distributable reserves purposes.

19. Trade and other payables

	2013	2012
	£	£
Amounts due to related parties	11,315,445	19,166,658
Other payables	-	13,699
Accruals and deferred income	-	16,800
	<u>11,315,445</u>	<u>19,197,157</u>

20. Financial instruments

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk, foreign exchange risk and equity risk) and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management within Lloyds Banking Group plc ('the Group') is carried out by a central treasury department ('Group Treasury'). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Group provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

20. Financial instruments (continued)

Credit Risk (continued)

	Note	2013 £	2012 £
Bank deposits	17	145,233,754	108,495,284
Investments - debt securities	14	1,807,518	45,649,554
Trade and other receivables	16	1,086,193	1,068,387
		<u>148,127,465</u>	<u>155,213,225</u>

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. At the reporting date a number of the debt securities were considered impaired (refer to note 14), these are included in the high risk category below.

The Company manages credit exposures using an internal credit rating system. A summary of definitions used in the internal credit rating system are as follows:

- High Risk – where there is a provision for impairment against the debt securities.
- Viable but monitoring – no provision for impairment against the debt securities but likelihood of recovering all of the original cost is not certain.
- Satisfactory Risk – no provision for impairment against the debt securities and likelihood of recovering all of the original cost is high.

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

	2013 %	2012 %
Internal rating - Satisfactory risk	-	4
Internal rating - Viable but monitoring	-	-
Internal rating - High risk	100	96

Other exposures consist of bank deposits with Lloyds Banking Group plc and trade and other receivables.

Cash and cash equivalents representing inter-company balances within Lloyds Banking Group plc have an internal credit rating of better than satisfactory. Trade and other receivables are carried at amortised cost, whereby any indication of impairment would result in an immediate write-down of the carrying value. Trade and other receivables include deferred consideration which has been recognised at Day 1 fair value and no further impairment has been recognised. At the reporting date these balances were not considered past due or impaired.

Market 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 a non-interest bearing bank account provided by another Lloyds Banking Group plc company. At the reporting date the Company also held a short term fixed rate deposit account with another Lloyds Banking Group plc company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

20. Financial instruments (continued)

Interest rate risk (continued)

Accordingly, the Company does not consider itself to have any significant interest rate exposures.

Foreign exchange risk

Foreign exchange risk arises on monetary financial assets (included in 'Amounts due to subsidiary undertakings' and 'Cash and cash equivalents') 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 financial assets 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 listed and 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 £nil (2012: £342,500). 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.

	2013 AFS Reserve £	2013 PBT £	2012 AFS Reserve £	2012 PBT £
Listed/unlisted equity investments	-	-	34,250	-

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

Geographic exposure is 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 Banking Group company subject to internal limits. Overall liquidity of Lloyds Banking Group plc is managed centrally.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

20. Financial instruments (continued)

Liquidity risk (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 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
On-balance sheet	£	£	£	£	£	£
Trade and other payables	11,315,445	-	-	-	-	11,315,445
Amounts due to subsidiary undertakings	-	-	-	-	-	-
Total liabilities	11,315,445	-	-	-	-	11,315,445

As at 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
On-balance sheet	£	£	£	£	£	£
Trade and other payables	19,180,357	-	16,800	-	-	19,197,157
Amounts due to subsidiary undertakings	1,002	-	-	-	-	1,002
Total liabilities	19,181,359	-	16,800	-	-	19,198,159

Fair values

The fair values together with the carrying amounts shown in the Balance Sheet are as follows:

		2013	2013	2012	2012
	Note	Carrying amount	Fair value	Carrying amount	Fair value
		£	£	£	£
Equity securities - available-for-sale	14	-	-	342,500	342,500
Debt securities - loans and receivables	14	1,807,518	1,807,518	45,649,554	45,660,489
Trade and other receivables	16	1,086,193	1,086,193	1,068,387	1,068,387
Cash and cash equivalents	17	145,233,754	145,233,754	108,495,284	108,495,284
Trade and other payables	19	(11,315,445)	(11,315,445)	(19,197,157)	(19,197,157)
Amounts due to subsidiary undertakings	22	-	-	(1,002)	(1,002)
		136,812,020	136,812,020	136,357,566	136,368,501
Unrecognised gains			-		10,935

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

20. Financial instruments (continued)

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.

Equity securities

Fair value of equity securities classified as available-for-sale and at fair value through profit and loss is calculated in accordance with the Group valuation policy. The policy allows for an earnings multiple, net asset value or discounted cash-flow approach to be taken dependent on the sector and circumstances of the investee. The main inputs and assumptions of these approaches are discussed in further detail below.

Debt securities

Where the debt securities are considered to be impaired and the recoverable value (i.e. net present value of appropriately discounted cash-flows) of a debt security is considered to be lower than its carrying value, an impairment has been processed to bring the carrying value down to the recoverable value. Therefore it is considered that the carrying value of these debt securities approximates to the fair value. The fair value of debt securities that are not impaired is also determined by using discounted cash-flow analysis valuation techniques.

Trade and other receivables / Trade and other payables / Amounts due to subsidiary undertakings

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

Cash and cash equivalents

The fair value of cash and cash equivalents repayable on demand is considered to be equal to their carrying value.

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Offsetting

The Company has no financial assets or financial liabilities which are subject to offsetting, enforceable master netting arrangements or similar agreements.

Fair value of financial instruments carried at fair value

The table below provides analysis of the financial assets of the Company that are carried at fair value in the Company's Balance Sheet, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Valuation hierarchy	Note	2013 £	2012 £
Available-for-sale financial assets			
Level 1		-	342,500
Level 2		-	-
Level 3		-	-
Total financial assets	14	-	342,500

The valuations of financial instruments have been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1 portfolios

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 predominantly comprise equity shares, treasury bills and other government securities.

Level 2 portfolios

Level 2 valuations are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable data.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

20. Financial instruments (continued)

Fair value of financial instruments carried at fair value (continued)

Level 3 portfolios

Level 3 portfolios are those where at least one input which could have a significant effect on the instruments valuation is not based on observable market data. Such instruments would include the Company's unlisted equity investments which are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples and estimated future cash flows.

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	2013 £	2012 £
As at 1 January	14	-	15,495,390
Gains / (losses) recognised in:			
- Income Statement	14	-	-
- Other comprehensive income	14	-	(904,969)
Additions	14	-	2,622,453
Disposals	14	-	(17,212,874)
As at 31 December	14	-	-

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 2013 and 31 December 2012 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 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, financial statements and recent property valuations or most recent fund manager report, adjusted appropriately for estimated property valuation movements, timing and recoverability issues. It is reasonably possible that alternative adjustments to the net asset value or property values could apply in these valuations.

- 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 or exit yields/terminal multiples could apply in these valuations.

21. Guarantees

The Company has no guarantees in place as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

22. 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 2013 £	Balance at 31 December 2013 £	Income included in income statement for the year ended 31 December 2013 £	Income/ (expense) included in income statement for the year ended 31 December 2012 £	Disclosure in financial statements
Bank deposit account	17	108,495,284	145,233,754	-	-	Cash and cash equivalents
Accrued interest on bank deposit	16	8,438	28,603	-	-	Trade and other receivables
Interest receivable on bank deposit	8	-	-	317,736	283,508	Finance income
Interest payable on term loans	8	-	-	-	(235,972)	Finance costs

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

22. Related parties (continued)

Related party		Balance at 1 January 2013	Balance at 31 December 2013	Income included in income statement for the year ended 31 December 2013	Income included in income statement for the year ended 31 December 2012	Disclosure in financial statements
	Note	£	£	£	£	
Uberior (Rodinheights) Limited	-	(1)	-	-	-	Amounts due to subsidiary undertaking
Uberior (Rodinheights) Limited	-	-	-	-	79,901,924	Income from investment in subsidiary undertakings
The Mound Property Company Limited	-	(1,001)	-	-	-	Amounts due to subsidiary undertakings
The Mound Property Company Limited	-	-	-	1	117,484	Income from investment in subsidiary undertakings
Total amounts due to subsidiary undertakings		(1,002)	-			

During 2013 the Company disposed of three of its subsidiaries; Uberior (Rodinheights) Limited, The Mound Property Company Limited and Uberior Real Estate Fund Limited.

(c) Transactions with fellow subsidiary undertakings

The income tax payable by the Company relates to group relief payable to fellow subsidiary undertakings. The outstanding balance at the end of the year was £5,016,221 (2012: receivable £16,639,254).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

22. Related parties (continued)

(d) Transactions with jointly controlled entities

Nature of transaction		Balance at 1 January 2013	Balance at 31 December 2013	Income included in income statement for the year ended 31 December 2013	Income/ (expense) included in income statement for the year ended 31 December 2012	Disclosure in financial statements
	Note	£	£	£	£	
Fee and commission income from jointly controlled entities	6	-	-	253,333	507,500	Other income
Interest on amounts due to related parties	8	-	-	-	(338,726)	Finance costs
Amounts due to jointly controlled entities	19	(8,012,022)	(5,204,104)	-	-	Trade and other payables
Interest on amounts due to jointly controlled entities	19	-	-	-	-	Trade and other payables
Investment income		-	-	4,022,409	90,021	Investment income from jointly controlled entities

(e) Transactions with associates

Nature of transaction		Balance at 1 January 2013	Balance at 31 December 2013	Income included in income statement for the year ended 31 December 2013	Income/ (expense) included in income statement for the year ended 31 December 2012	Disclosure in financial statements
	Note	£	£	£	£	
Fee and commission income from associates	6	-	-	-	100,000	Other income
Interest on amounts due to related parties	8	-	-	-	(151,526)	Finance costs
Amounts due to associates	19	(11,154,636)	(6,111,342)	-	-	Trade and other payables
Investment income		-	-	85,972	105,407	Investment income from associates

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2013

23. Parent undertakings

The immediate parent undertaking is Uberior Investments Limited.

The parent undertaking, which is the parent undertaking of the smallest group to consolidate these financial statements is Bank of Scotland plc. Copies of the consolidated annual report and financial statements of the Bank of Scotland plc may be obtained from the Mound, Edinburgh EH1 1YZ.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated annual report and financial statements of Lloyds Banking Group plc may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London EC2V 7HN or downloaded from www.lloydsbankinggroup.com.