

**ASSOCIATES CAPITAL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2012**

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# ASSOCIATES CAPITAL LIMITED

## DIRECTORS' REPORT

For the Year Ended 31 December 2012

The Directors present their report and the financial statements of Associates Capital Limited ("the Company") for the year ended 31 December 2012

### Principal activities and business review

The Company did not trade during the current and preceding year and the Directors do not anticipate that it will trade in the foreseeable future. The state of affairs of the Company as at the year end are as detailed in the balance sheet.

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future.

### Results

The loss for the year, after taxation, amounted to £7,924 (2011 profit £nil). The loss for the year was attributable to an impairment on the Company's investment in associated undertakings.

### Dividends

No dividends were paid by the Company during the year (2011 £nil). The Directors do not recommend the declaration of a dividend in respect of the year (2011 £nil).

### Directors

The Directors who served during the year were

S J Cumming  
J D Robson

### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

### Directors' Indemnity

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

## **ASSOCIATES CAPITAL LIMITED**

### **DIRECTORS' REPORT For the Year Ended 31 December 2012**

#### **Employees**

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end

#### **Political and charitable contributions**

There were no charitable donations or any contributions for political purposes made by the Company during the year (2011 £nil)

#### **Provision of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information

#### **Auditor**

Under section 487(2) of the Companies Act 2006, KPMG Audit Plc, the auditor will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the Board and signed on its behalf



**J D Robson  
Director**

Date 30 September 2013

Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

Registered number 03480565

Registered in England and Wales

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASSOCIATES CAPITAL LIMITED**

We have audited the financial statements of Associates Capital Limited ("the Company") for the year ended 31 December 2012, set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement as set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Karyn Nicoll (Senior statutory auditor)

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

30 September 2013

## ASSOCIATES CAPITAL LIMITED

### PROFIT AND LOSS ACCOUNT For the Year Ended 31 December 2012

	Note	2012 £	2011 £
Administrative expenses		(7,924)	-
<b>Loss on ordinary activities before taxation</b>		<b>(7,924)</b>	<b>-</b>
Tax on loss on ordinary activities	4	-	-
<b>Loss for the financial year</b>	8	<b>(7,924)</b>	<b>-</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 6 to 9 form part of these financial statements

**ASSOCIATES CAPITAL LIMITED**

Registered number: 03480565

**BALANCE SHEET**

As at 31 December 2012

	Note	2012 £	2011 £
<b>Assets</b>			
Investment in associated undertakings	5	35,971,000	35,978,924
<b>Current assets</b>			
Debtors	6	32,511,991	32,511,991
<b>Net assets</b>		<u>68,482,991</u>	<u>68,490,915</u>
<b>Capital and reserves</b>			
Called up share capital	7	2	2
Other reserves - capital contribution	8	70,122,423	70,122,423
Profit and loss account	8	(1,639,434)	(1,631,510)
<b>Shareholders' funds</b>		<u>68,482,991</u>	<u>68,490,915</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2013



S J Cumming  
Director

Registered number 03480565

The notes on pages 6 to 9 form part of these financial statements

# ASSOCIATES CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2012

### 1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

The Directors have satisfied themselves that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis

During 2012 the Financial Reporting Council (FRC) revised the financial reporting standards for the United Kingdom and Republic of Ireland. This revision fundamentally reforms financial reporting, replacing almost all extant standards with three Financial Reporting Standards which is effective for periods beginning on or after 1 January 2015

- FRS 100 'Application of Financial Reporting Requirements sets out a new financial reporting regime explaining which standards apply to which entity and when an entity can apply the reduced disclosure framework
- FRS 101 'Reduced Disclosure Framework' sets out the disclosure exemptions for the individual financial statements of subsidiaries, including intermediate parents, and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards (IFRS)
- FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS, FRS 101 or the FRSSE

This Company is currently assessing the impact of the FRC revision of the financial reporting standards effective 1 January 2015

#### 1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

#### 1.3 Related parties

As the Company is a wholly owned subsidiary of Citifinancial Corporation Limited ("the parent"), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of the ultimate parent within which the Company is included are available from the address stated in Note 9

#### 1.4 Investments

Shares in associates are stated at cost less provision for impairment. The Company has applied the exemption in section 401 of the Companies Act 2006 from the preparation of consolidated group accounts as the financial results of the Company and its subsidiary undertakings are included in the consolidated group accounts of Citigroup Inc ('the ultimate parent'), on a basis that is consistent with the financial reporting requirements of the Companies Act. The consolidated financial statements of the ultimate parent within which the Company is included are available from the address stated in Note 9

Impairment is recognised when the recoverable amount of the investment falls below its carrying value. Recoverable amount is estimated as the amount the subsidiary undertaking is expected to be able to repay upon divestment

#### 1.5 Taxation

Corporate taxation is provided on taxable profits/losses at the current rate of tax

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes on an undiscounted basis. Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

## ASSOCIATES CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2012

#### 2 Directors' remuneration

None of the Directors received any remuneration during the year in respect of their services to the Company (2011 £nil)

The Company had no employees during the year (2011 nil)

#### 3 Auditor's remuneration

Auditor's remuneration in relation to the audit of the Company amounting to £1,034 (2011 £1,034) is borne by the parent

#### 4 Taxation

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 the same as) the standard rate of corporation tax in the UK of 24.5% (2011 26%). The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(7,924)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26%)	(1,941)	-
<b>Effects of</b>		
Expenses not deductible for tax purposes	1,941	-
<b>Current tax charge for the year (see note above)</b>	<b>-</b>	<b>-</b>

##### Factors that may affect future tax charges

The main rate of corporation tax for the year beginning 1 April 2012 reduced from 26% to 24%

The UK Government announced that the corporation tax rate will reduce to 23% from 1 April 2013, 21% from 1 April 2014 and 20% from 1 April 2015. The reduction in corporation tax rate to 23% was enacted in July 2012 and the reduction in corporation tax rate to 21% and 20% was enacted in July 2013

#### 5 Investments in associated undertakings

	Investments in associates £
<b>Cost or valuation</b>	
At 1 January 2012 and 31 December 2012	35,978,924
<b>Impairment</b>	
At 1 January 2012	-
Charge for the year	7,924
At 31 December 2012	7,924
<b>Net book value</b>	
At 31 December 2012	35,971,000
At 31 December 2011	35,978,924



# ASSOCIATES CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2012

### 5 Investments in associated undertakings (continued)

The Company's investments in associated undertakings are shown below

#### Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Avco Trust	England and Wales	Ordinary	50%	Non Trading
Avco Trust	England and Wales	Deferred	50%	Non Trading

Name	Unit value of share	Aggregate of share capital and reserves £
Avco Trust	£1 Ordinary shares	36,183,247
Avco Trust	£1 Deferred shares	662,000

Investments in associated undertakings are held by the Company and are unlisted

### 6 Debtors

	2012 £	2011 £
Amounts owed by group undertakings	32,511,991	32,511,991

Amounts due from group undertakings are repayable on demand

### 7 Share capital

	2012 £	2011 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted, called up but not paid</b>		
2 Ordinary shares of £1 each	2	2

### 8 Reserves

	Other reserves £	Profit and loss account £
At 1 January 2012	70,122,423	(1,631,510)
Loss for the year		(7,924)
At 31 December 2012	70,122,423	(1,639,434)

## ASSOCIATES CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2012

#### 9 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is CitiFinancial Corporation Limited, a company registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is Citigroup Inc, incorporated in the State of Delaware, United States of America, and is the largest group in which the results of the parent are included.

The audited financial statements of the parent are made available to the public annually in accordance with Companies House regulations and may be obtained from its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

The audited consolidated financial statements of the ultimate parent are available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from [www.citigroup.com/citi/corporategovernance/ar.htm](http://www.citigroup.com/citi/corporategovernance/ar.htm)