British Bankers' Association (incorporating BBA Enterprises Ltd and BBA LIBOR Ltd)

Audited Consolidated Financial Statements

Year Ended 31 December 2013

CONTENTS

COUNCIL'S RESPONSIBILITIES

The Council is responsible for the preparation of financial statements, in accordance with UK Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs of the Association and of its income and expenditure account. In preparing these financial statements, the Council has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable UK accounting standards; and
- prepared the financial statements on the going concern basis.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Council is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Council at the time the report is approved is aware:

1) there is no relevant audit information of which the auditors are unaware; and

2) the Council has taken all steps that ought to have been taken to make itself aware of any relevant audit information and to establish that the auditors are aware of the information.

Approved

Sir Nigel Wicks	Anthony Browne
Chairman	Chief Executive
16th May 2014	16th May 2014

The BBA Council
1 January 2013 – 31 December 2013

Sir Nigel Wicks — Chairman
BBA

Mark Garvin — Deputy Chairman
Chairman
J P Morgan Chase Bank

Jennifer Taylor (from 12th September 2013)
Chief Operating Officer
Bank of America Merrill Lynch

Cyrus Ardalan
Vice Chairman, Head of UK & EU Public Policy
Barclays Bank plc

Ludovic de Montille
Chief Operating Officer
BNP Paribas

Maurice Thompson
UK Country Officer
Citibank

Marc Starzmann
Country Manager UK
Commerzbank AG

John Hughes
Director, Retail Banking
The Co-operative Bank plc

Arnaud Chupin (to 25th April 2013)
Senior Country Officer
Credit Agricole

James Leigh-Pemberton
Chief Executive Officer
Credit Suisse

Paul Orchart
General Manager, Head of Europe
Commonwealth Bank of Australia

Eileen Taylor
Chief Executive Officer, DB UK Bank Ltd
Deutsche Bank

John Pakenham-Walsh
Finance Director
Hampshire Bank plc

Brian Robertson
Chief Executive
HSBC Bank plc

Alison Brittain
Group Director, Retail
Lloyds Banking Group

Takashi Yano
General Manager
Mizuho Corporate Bank

Russell Gibson
Director, RBS Regulatory Affairs
The Royal Bank of Scotland Group

Stephen Jones
Chief Financial Officer (UK)
Santander UK

Ian Fisher
Head of Corporate and Investment Banking
Societe Generale

Peter Sands
Group Chief Executive
Standard Chartered Bank

Benny Higgins
Chief Executive Officer
Tesco Bank plc

John Stewart
UK Group Chief Operating Officer
UBS Investment Bank

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH BANKERS' ASSOCIATION

We have audited the financial statements of the British Bankers' Association for the year ended 31 December 2013 which comprise the consolidated income and expenditure account, the consolidated and Association balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditors

The Council is 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 our engagement letter and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 December 2013 and of the group's surplus for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

David Pearson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London
16th May 2014

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2013

	Note	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000 Restated
Income			
Subscriptions	1,2(a)	7,515	6,222
Other income	2 (b)	4,483	3,640
Bank interest		64	104
		12,062	9,966
Expenditure			
Staff costs	3	5,897	5,107
Accommodation charges		1,311	1,420
Professional services projects and outsourcing		1,095	1,129
Office Expenses		445	355
Travel, entertaining and miscellaneous		925	614
European Banking Federation subscription		576	580
Depreciation	1,7	115	126
External relations costs		216	212
Joint Money Laundering Steering Group		6	6
		(10,586)	(9,549)
Excess of income over expenditure before finance charges	4	1,476	417
Finance charges	11	(55)	(88)
Excess of income over expenditure after finance charges and before taxation		1,421	329
Taxation	5	(439)	(146)
Excess of income over expenditure after taxation transferred to Accumulated fund		982	183

CONSOLIDATED BALANCE SHEET
at 31 December 2013

	Note	As at 31 Dec 2013 £'000	As at 31 Dec 2012 £'000
Tangible fixed assets	7	545	364
Current assets			
Stock	1 (b)	12	9
Amounts receivable and prepayments	8	8,742	7,585
Cash at bank and in hand		4,957	5,153
		13,711	12,747
Creditors: Amounts falling due within one year	9	(8,219)	(7,791)
Net current assets		5,492	4,956
Total assets less current liabilities		6,037	5,320
Provisions for liabilities and charges			
Deferred taxation	12	(24)	(6)
Dilapidation Provision	13	(461)	(436)
Net assets excluding post retirement benefits liability		5,552	4,878
Post-retirement benefits liability	11	(1,207)	(1,458)
Net assets		4,345	3,420

Statement of Accumulated Fund

Accumulated Fund at 1 January 2013		3,420	3,666
Statement of Total Recognised Gains and Losses (STRGL)		(57)	(429)
Excess of income over expenditure		982	183
Accumulated fund at 31 December 2013		4,345	3,420

Statement of Total Recognised Gains and Losses (STRGL)

Actuarial (Loss)		(71)	(556)
Deferred Taxation		14	127
		(57)	(429)

The financial statements were approved by the Council by written resolution circulated on 1st May 2014 and signed on its behalf on 16th May 2014 by

Sir Nigel Wicks
Chairman

Anthony Browne
Chief Executive

BBA BALANCE SHEET
at 31 December 2013

	Note	As at 31 Dec 2013 £'000	As at 31 Dec 2012 £'000
Tangible fixed assets	7	239	364
Current assets			
Amounts receivable and prepayments	8	7,164	7,739
Cash at bank and in hand		1,377	1,453
		8,541	9,192
Creditors: Amounts falling due within one year	9	(6,138)	(6,953)
Net current assets		2,403	2,239
Total assets less current liabilities		2,642	2,603
Provisions for liabilities and charges			
Deferred Taxation		(25)	(9)
Dilapidation Provision	13	-	(436)
Net assets excluding post retirement benefits liability		2,617	2,158
Post-retirement benefits liability	11	(1,207)	(1,458)
Net assets		1,410	700
Statement of Accumulated fund			
Accumulated Fund at 1 January 2013		700	708
Statement of Total Recognised Gains and Losses (STRGL)		(57)	(429)
Excess of income over expenditure		767	421
Accumulated fund at 31 December 2013		1,410	700

Statement of Total Recognised Gains and Losses (STRGL)

Actuarial (Loss)		(71)	(556)
Deferred Taxation		14	127
		(57)	(429)

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2013

	Note	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Net cash inflow from operating activities	15	36	175
Returns on investments and servicing of finance			
Interest received		64	104
Net cash inflow from returns on investments and servicing of finance		100	279
Taxation			
Corporation tax paid		-	(174)
Capital expenditure			
Payments to acquire tangible fixed assets		(296)	(96)
Net cash inflow before financing and management of liquid resources		(196)	9
Payments to short term deposits		196	(9)
Increase in cash	16,17	-	-

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK GAAP. The particular accounting policies adopted are described below.

a) **Going Concern Basis**
The accounts are prepared on the basis that the members will continue to support the Association. The Association believes that its level of accumulated reserves is adequate for its continued operation.

b) **Stock**
Stock is valued at the lower of cost or net realisable value.

c) **Turnover**
Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the period, consisting of subscriptions to members, LIBOR licence revenue, and income from events and publications.

d) **Accounting convention**
The financial statements are prepared under the historical cost convention.

e) **Subscriptions**
In accordance with the Rules of the Association, subscriptions payable by members are determined to cover the budgeted level of expenditure of the Association including taxation.

f) **Depreciation**
Depreciation is provided on fixed assets in equal annual amounts over the estimated lives of the assets. The rates of depreciation are as follows:

Fittings	10% per annum
Furniture	20% per annum
Office equipment and computers	33% per annum

g) **Pension costs**
During the period, the group contributed to a defined benefit pension scheme. The assets of the scheme are invested and managed independently of the finances of the group. Contributions are assessed in accordance with the advice of an independent qualified actuary.

The scheme is a multi-employer scheme and because the group is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis, the pension contributions are accounted for as if the scheme were a defined contribution scheme. Therefore, the pension cost for the scheme represents contributions payable by the group in the period. The scheme was closed to future accrual on 30 June 2010.

The group also contributes to a nominated stakeholder compliant pension scheme. This was open during the period to all employees who were not active members of the defined benefit scheme. The pension costs for those arrangements represent contributions payable by the group in the period.

ACCOUNTING POLICIES (Continued)

h) Post-retirement benefits

The Association provides post-retirement health care to certain employees in retirement. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If they have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Post retirement benefit liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting scheme asset or liability net of the related deferred tax is presented separately after other net assets on the face of the balance sheet.

The company has adopted FRS17 to account for post retirement benefits.

i) Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

The company has adopted FRS19 to account for deferred tax.

j) Operating leases

Rentals on operating leases are spread over the life of the lease on a straight line basis even if the payment pattern is irregular due to receipt of incentives such as rent free periods.

k) Basis of consolidation

The Association accounts consolidate the accounts of the Association and its subsidiaries BBA Enterprises Limited and BBA LIBOR Limited, drawn up to 31 December 2013. In common with companies governed by the Companies Act, the Association has not presented its own profit and loss account. The net profit after taxation of the Association was £767,000 (31 December 2012: £421,000).

l) Deferred Income and Expenses

Income and expenses are accounted for on an accruals basis and only relate to the period of the accounts. Deferred income and expenses are carried forward.

2. TURNOVER

a) Subscriptions

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Comprises :		
Invoiced to members	7,515	6,222
	7,515	6,222

b) Other Income

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Comprises :		
LIBOR Income	2,352	1,739
BBA Enterprises Ltd Sale of Publications and Conferences	1,334	1,188
Associate Income	511	469
Room Hire	127	131
Sundry	159	113
	4,483	3,640

The 2012 presentation of income has been restated to show all of the BBA Enterprises Ltd income together.

3. STAFF COSTS

The average number of employees during the year was 70 (2012: 68)	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Staff costs include:		
Salaries and social security costs	5,027	4,738
Past Service Costs	(463)	(586)
Pension contributions: Personal Schemes	427	340
Additional pension contributions	687	345
Recruitment and other benefits	219	270
	5,897	5,107

4. EXCESS OF INCOME OVER EXPENDITURE

The excess of income is after charging:

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Auditors' remuneration – Audit	44	33
– Non-audit services	25	36
Depreciation	115	126
Operating Lease Payments-Rent	722	789
Dilapidation Provision	28	27

5. TAXATION

Analysis of Charge in Period

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Current Tax		
UK Corporation tax on profits of the period	271	-
Adjustments in respect of previous periods	-	(18)
Total Current Tax	271	(18)
Deferred Tax		
Origination and reversal of timing differences	112	127
Change in tax rates	56	37
Difference in respect of previous period		
Total Deferred Tax	168	164
Tax on profit on ordinary activities	439	146

Factors affecting the tax charge for period

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Profit on ordinary activities before taxation	1,421	329
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 23.5% (2012 : 24.5%)	333	80
Effects of:		
- Timing differences on fixed assets	(27)	1
- Income not taxable for tax purposes	(106)	-
- Other short term timing differences	8	(101)
- Expenses not deductible for tax purposes	160	14
- STRGL or otherwise transferred	(16)	-
- Marginal Releif	(2)	-
- Defined benefit scheme in timing differences	(90)	-
- Other permanent differences	11	-

- Group relief surrendered	-	1
- Prior year adjustment	-	(18)
- Losses carried back	-	5
Actual current tax charge	271	(18)

6. INVESTMENTS

BBA Enterprises Ltd, a wholly owned subsidiary of the Association, was set up in August 1996 to act as the commercial arm of the Association. The company, incorporated in England, has an issued share capital of two £1 ordinary shares, both shares being owned beneficially by the Association. The results for the year to 31 December 2013 have been consolidated.

BBA LIBOR Ltd, a wholly owned subsidiary of the Association, was set up in November 2009 and began trading on January 1st 2010 to conduct LIBOR business. The company, incorporated in England, has an issued share capital of one £1 ordinary share, the share being owned beneficially by the Association. The results for the year to 31 December 2013 have been consolidated.

7. FIXED ASSETS

Group

	Furniture and fittings **£'000**	Office equipment and computers **£'000**	Total **£'000**
Cost			
At 1 January 2013	2,710	1,874	4,584
Additions	179	117	296
At 31 December 2013	2,889	1,991	4,880
Accumulated depreciation			
At 1 January 2013	2,493	1,727	4,220
Charge for the period	52	63	115
At 31 December 2013	2,545	1,790	4,335
Net book value			
At 31 December 2013	344	201	545
At 31 December 2012	217	147	364

Association

	Furniture and fittings £'000	Office equipment and computers £'000	Total £'000
Cost			
At 1 January 2013	2,710	1,874	4,584
Additions	118	117	235
Disposals	(2,753)	-	(2,753)
At 31 December 2013	75	1,991	2,066
Accumulated depreciation			
At 1 January 2013	2,493	1,727	4,220
Charge for the period	40	63	103
Disposal	(2,496)	-	(2,496)
At 31 December 2013	37	1,790	1,827
Net book value			
At 31 December 2013	38	201	239
At 31 December 2012	217	147	364

8. DEBTORS

	Group		Association	
	As at 31 Dec 2013 £'000	**As at 31 Dec 2012 £'000**	**As at 31 Dec 2013 £'000**	**As at 31 Dec 2012 £'000**
Trade debtors	5,987	5,577	4,208	5,255
Prepayments and accrued income	2,755	2,008	2,005	1,503
Amounts owed by group Undertakings	-	-	951	981
	8,742	7,585	7,164	7,739

Included in trade debtors are member subscriptions billed in advance of £4,084,000 (2012: £3,941,000). Included in prepayments and accrued income are prepaid service charges of £58,233 (2012: £57,778).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	As at 31 Dec 2013 £'000	**As at 31 Dec 2012 £'000**	**As at 31 Dec 2013 £'000**	**As at 31 Dec 2012 £'000**
Trade creditors	1,191	1,387	1,178	833
Corporation tax payable	272	-	95	-
Accruals & deferred income	6,756	6,404	4,865	5,602
Amounts owed to group undertakings		-	-	518
	8,219	7,791	6,138	6,953

Included in accruals and deferred income are member subscriptions billed in advance of £4,084,000 (2012: £3,941,000).

10. PENSION ARRANGEMENTS

The British Bankers' Association Pension Scheme is operated on behalf of the Association and UK Payments (Administration) Limited.

The Scheme, which is closed to the future accrual of benefits, is a funded defined benefit scheme and provides benefits based on final pensionable pay and the period of pensionable service completed up to 30 June 2010. The contributions are determined by the Trustee of the Scheme and the employers, after receiving advice from the Scheme Actuary, on the basis of triennial valuations.

The most recent triennial valuation was carried out as at 31 March 2012 under the Scheme Funding regulations. Details of the valuation are shown below.

	Triennial Valuation at 31 March 2012
Scheme liabilities	£62.0m
Scheme assets	£49.5m
(Deficit)	(£12.5m)
Funding level	80%
Main Assumptions	
Retail Prices Index (RPI) inflation	3.2%
Consumer Prices Index (CPI) inflation	2.5%
Investment return (per annum compound yield)	
- for members before retirement	6.2%
- for members after retirement	3.7%
Nominal rate of salary growth	4.2%

Pensioner life expectancy is based on 90% of the S1NA tables with allowance for future improvements in line with CMI 2011 projections with a long term improvement of 1.25% pa.

At 31 December 2013, the Scheme had a total membership of 238 (2012:240) of which approximately 50% were employees or former employees of the Association.

The employers have agreed to eliminate the Scheme deficit by making contributions of £982,000 in August 2012, February 2013 and August 2013 and then further six monthly contributions increasing in line with RPI inflation +0.5% pa (with a floor of 1% pa applying cumulatively from 31 March 2012) from February 2014 through to February 2019. The payments will be shared between the Association and UK Payments (Administration) Limited in the ratio 35:65. The employers also meet the costs of administration, investment management and any insurance premiums payable. The position will be reviewed at future actuarial valuations.

The Association's contributions are affected by a surplus or deficit in the Scheme but the Association is unable to identify its share of the underlying assets and liabilities in the Scheme on a consistent and reasonable basis. Consequently, in accordance with Financial Reporting Standard 17, the Association accounts for the contributions to the Scheme as if it were a defined contribution scheme.

Analysis of pension charges:	**British Bankers' Association**	
	Year to 31 Dec 2013	**Year to 31 Dec 2012**
	£'000	**£'000**
Additional pension contributions	687	345
	687	345

11. POST-RETIREMENT BENEFITS

FRS17 Disclosure

EMPLOYEE BENEFIT OBLIGATIONS (Group and Association)

This reporting statement covers the post-retirement medical benefits provided from the British Bankers' Association in the UK. An actuarial valuation was carried out as at 31 December 2013 by a qualified independent actuary.

Financial Statement

The amounts recognised in the balance sheet are as follows:

	Year to 31 Dec 2013	**Year to 31 Dec 2012**
	£'000	**£'000**
Present value of funded liabilities	1,509	1,895
Net Deficit	1,509	1,895
Related deferred tax asset	(302)	(437)
Net liability	1,207	1,458

The amounts recognised in profit or loss are as follows:

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Past service (gain)	(463)	(586)
Interest cost	55	88
Total	(408)	(498)

Changes in the amounts recognised in the statement of total recognised gains and losses are as follows:

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000	Year to to 31 Dec 2011 £'000	9 Mnth 31 Dec 2010 £'000	Year to 31 Mar 2010 £'000
Opening cumulative STRGL	2,957	2,401	1,920	1,990	1,681
Actuarial losses/(gains)	71	556	481	(70)	309
Closing cumulative STRGL	3,028	2,957	2,401	1,920	1,990

Changes in the present value of the defined benefit liabilities are as follows:

	Year to 31 Dec 2013 £'000	Year to 31 Dec 2012 £'000
Opening defined benefit liability	1,895	1,893
Interest cost	55	88
Actuarial losses/(gains)	71	555
Benefits paid	(49)	(55)
Past service cost/(gain)	(463)	(586)
Closing defined benefit liability	1,509	1,895

There were no assets backing these liabilities.

The Association's contributions during the account period amounted to £44,912 and the Association contributions for 2014 are expected to be £40,575. The past service gain arose owing to the transfer of an individual from the group scheme to another scheme at a reduced premium.

Disclosure of principal assumptions

	Year to 31 Dec 2013	Year to 31 Dec 2012
Discount rate at 31 December	4.4%	4.1%
Future increases to medical costs	11.0%	9.0%
Mortality	90% S1NxA	90% S1NxA

Historical information

	31 Dec 2013 £000	31 Dec 2012 £000	31 Dec 2011 £000	31 Dec 2010 £000	31 Mar 2010 £000
Defined benefit liability	1,509	1,895	1,893	1,384	1,437
Deficit	(1,509)	(1,895)	(1,893)	(1,384)	(1,437)
Experience adjustments on scheme liabilities	(71)	(556)	(481)	70	(309)

12. DEFERRED TAX

	Year to to 31 Dec 2013 £'000	Year to to 31 Dec 2012 £'000
The amount of deferred tax asset recognised at 20% (31 December 2012: 23%) comprises:		
Post retirement benefits	302	437
Excess of net book value over tax written down value of assets	(30)	(7)
Other timing differences	5	1
	277	431

The movement in the provision in the year is as follows:

Provision at the start of the year	431	468
Movement in the year @ 20%	(168)	(127)
Prior year	-	-
Change in rates	-	(37)
STRGL	14	127
Provision at 31 December 2013	277	431

13. DILAPIDATION PROVISION

	Group		Association	
	As at 31 Dec 2013 £'000	**As at 31 Dec 2012 £'000**	**As at 31 Dec 2013 £'000**	**As at 31 Dec 2012 £'000**
Balance as at 1 January 2013	436	409	436	409
Charge for Jan-Sept 2013 in BBA	20		20	
Release of Provision in BBA	(456)	-	(456)	-
Provision in BBA Enterprises Ltd	456	-	-	-
Charge for the period for Oct-Dec 2013 in BBA Enterprises Ltd	5	27	-	27
Balance as at 31 December 2013	461	436	-	436

The new lease for Pinners Hall was executed by BBA Enterprises Ltd (previously in the name of the BBA).

14. OPERATING LEASE

On the 22nd October 2013, BBA Enterprises Limited signed new leases on its lower ground and third floor premises at Pinners Hall, 105-108 Old Broad Street. The leases have a commencement date of 30th September 2013 and are over a period of ten years with a break exercisable by either the tenant or the landlord after five years. The total annual rental on both leases is £697,835 with a 12 month rent free period at the commencement of the lease and a 9.5 month rent free period after five years.

15. RECONCILIATION OF EXCESS OF INCOME OVER EXPENDITURE BEFORE FINANCE CHARGES TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 Dec 2013 £'000	**Year to 31 Dec 2012 £'000**
Excess of income over expenditure	1,476	417
Depreciation charges	115	126
Interest received	(64)	(104)
(Increase) / Decrease in stock	(3)	12
Increase in debtors	(1,157)	(4,718)
Increase in creditors	156	5,020
Increase in Dilapidation Provision	25	27
Movement in Post Retirement Provision	(386)	39
Movement in STRGL	(71)	(556)
Finance Charges	(55)	(88)
Net cash inflow from operating activities	36	175

16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	Year to 31 Dec 2013	Year to 31 Dec 2012
	£'000	£'000
Cash outflow from payments into short term deposits	(196)	9
Movement in net cash in the period	(196)	9
Net funds at 1 January 2013	5,153	5,144
Net funds at 31 December 2013	4,957	5,153

17. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2013	Cash flow	At 31 Dec 2013
	£'000	£'000	£'000
Cash in hand	-	-	-
Short term deposits	5,153	(196)	4,957
	5,153	(196)	4,957

18. BORROWING FACILITIES

The Association has an overdraft facility with its bankers Coutts & Co for up to £200,000 in order to assist its working capital requirements.

19. RELATED PARTIES

Under FRS 8 the company is exempt from the requirement to disclose related parties transactions or balances with entities which form part of the Group on the grounds that the British Bankers Association publishes consolidated financial statements.

20. DISCONTINUED OPERATIONS

Responsibility for the administration of LIBOR was handed over to Intercontinental Exchange Benchmark Administration Ltd on 31st January 2014 and from this date, BBA LIBOR Limited discontinued its operations.

21. CONTINGENT LIABILITIES

On 14 March 2013, 1 August 2013, 31 October 2013, and 14 March 2014, civil proceedings were commenced in the United States against the BBA and various other parties, including certain contributor banks, BBA Enterprises Limited and BBA LIBOR Limited, by The Federal Home Loans Mortgage Corporation, the Principal Financial Group, the Federal National Mortgage Association, and the Federal Deposit Insurance Corporation, respectively, claiming damages in respect of the alleged manipulation and suppression of US$ LIBOR. The amount of damages claimed in each of these four actions is not quantified and is not quantifiable at this stage and as a result it is not practicable to provide an estimate of any financial impact.

Warranties have been given to Intercontinental Exchange Benchmark Administration Ltd by the BBA and BBA LIBOR Limited in relation to the sale of the business and assets of BBA LIBOR Limited. The BBA has also given an indemnity to the Hogg Committee under which the BBA has indemnified the Committee, HMT and the FCA in respect of the remuneration, costs and expenses of each incurred in connection with the sale. The total aggregate liability of the BBA and BBA LIBOR Limited to the Hogg Committee, HMT, the FCA and Intercontinental Exchange Benchmark Administration Ltd is limited to £1.5 million. The liability to Intercontinental Exchange Benchmark Administration Ltd ceases on 31st January 2015 except in respect of a claim of which the purchaser gives notice before that date. The liability to the Hogg Committee, HMT and FCA is not time limited, but the indemnity is only in connection with costs incurred from January 2013 until completion of the transfer of the operation of LIBOR on 31st January 2014.

The BBA believes that its level of accumulated reserves is adequate to support its contingent obligations in relation to the above.