

**British Bankers'
Association (including BBA
Enterprises Ltd and BBA
Trent Limited)**

Consolidated Financial Statements

**For the year ended
31 December 2014**

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

Consolidated Financial Statements

For the year ended 31 December 2014

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British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

STRATEGIC REPORT

The Board members present their report together with the audited financial statements for the year ended 31 December 2014.

Principal activity

The British Bankers' Association (the BBA) is the leading trade association for the UK banking sector with 200 member banks headquartered in over 50 countries with operations in 180 jurisdictions worldwide. Eighty per cent of global systemically important banks are members of the BBA.

Our member banks make up the world's largest international banking cluster, operating 150 million accounts for UK customers and contributing over £50 billion annually to UK economic growth. We represent our members to policymakers, regulators, the media and all key stakeholders across the UK, Europe and beyond, working together to promote a legislative and regulatory system that helps customers, promotes growth and raises standards in the industry.

Governance

The Association is governed by its Rules, the latest version of which was approved by the Members at AGM on 16 May 2014. Since that date the Association's governing body has been the Board (previously the Council), comprising a broad representation of its membership. Board members are listed on page 4 of this report. Member Segment Advisory Boards and other senior Committees provide advice and direction on banking policy issues.

The Board appoints a Chairman and Chief Executive, the latter having all the necessary powers to manage the running of the Association.

Business review

Income from continuing operations has increased by 5.3% in 2014, which is a combination of 2.8% for subscription income and 16% across our commercial and other revenue streams including associate membership, events, training, venue hire and publications. The BBA has experienced the fastest growth in membership for many years, with 13 new banks and 30 new associates from the related financial and professional service sectors joining in 2014.

Total expenditure from continuing operations increased 7.4% to £10,538k. Staff costs reflect an increase in the average number of employees from 66 to 68 in accordance with the business plan, a 2.2% pay increase, and not having the benefit in 2014 of a reduction in the actuarial valuation of healthcare benefits provided to pensioners. Other costs have generally decreased as a consequence of enhanced cost monitoring and control.

On 31 January 2014 BBA Trent Limited (formerly BBA LIBOR Limited) successfully handed over responsibility for the administration of LIBOR to Intercontinental Exchange Benchmark Administration Ltd and accordingly the results of BBA Trent Limited have been accounted for as discontinued operations. Following the transfer of the LIBOR operations the BBA undertook a thorough review of, and re-organised, its operations team and as a result incurred reorganisation costs of £310k. These have been disclosed as exceptional items, as have certain costs that have been identified that should have been recognised in prior years. Exceptional items total £771k.

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

STRATEGIC REPORT

As a result of the loss of the LIBOR associated income and the exceptional items referred to above the Association has incurred an excess of expenditure over income for the year of £1.1m (2013: excess of income over expenditure of £1.4m). After tax credits and actuarial gains, the transfer to reserves for the year was a loss of £691k. Accumulated reserves at 31 December 2014 were £3.6m, which at 37% of total annual expenditure excluding repayment of the pension deficit is comfortably within the Association's reserves policy (30%).

Risk

The Board monitors risk through the Audit and Oversight Committee which gives financial, risk and membership oversight and direction for the operational issues of the Association. The main areas of risk are considered to be as follows:

- financial risk – the financial position of the Association is regularly reviewed to maintain financial stability against the risk of a reduction of income (whether that is subscription income or commercial revenue) and/or increased costs
- risk associated with civil actions against the BBA in respect of alleged manipulation of US\$ LIBOR – these actions are presently stayed and will be vigorously defended if they proceed. Progress is reviewed on a regular basis with the BBA's UK and US lawyers. Further detail is contained in note 19 to the financial statements.
- defined benefit pension scheme liabilities – the liabilities of the British Bankers' Association Pension Scheme and the results of actuarial valuations are carefully monitored to ensure funding levels are appropriate for the level of the scheme's liabilities and for the financial security of the Association. Details are contained in note 20 to the financial statements.

Future developments

The Association's future developments are driven in the first instance by the rolling 3 year business plan which is updated on an annual basis.

New commercial initiatives that will generate income in 2015 include BBA Confirmations, powered by Confirmation.com to provide a secure online solution that enables external auditors to confirm their clients' bank balances and arrangements directly with UK financial institutions. We are also launching our new Financial Crime Alerts Service which will change the way that banks and law enforcement fight criminals and fraudsters.

In early 2015 a consultation paper was published on "Rethinking the UK financial services trade association landscape". It is a matter for the members of the various trade associations, including the BBA, to make known their response to this document. The BBA will be guided by the views of its members and will continue to act in a way that safeguards their interests.

The Strategic Report was approved by the Board on 17th April, 2015 and signed on its behalf by

Anthony Browne
Chief Executive

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

BOARD'S RESPONSIBILITIES

From 16 May 2014 the BBA's principal management body has been the Board. Prior to that date it was the Council. The Board 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 Board 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 Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Board 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 Board 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 Board 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
Chairman
17th April, 2015

Anthony Browne
Chief Executive
17th April, 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

The BBA Board

16 May 2014 - 31 December 2014

Chairman
Sir Nigel Wicks
BBA

Deputy Chairman
Mark Garvin
Vice-Chairman, Corporate and Investment Bank Europe
J P Morgan Chase Bank

Chief Executive
Anthony Browne
BBA

James Bardrick
UK Country Officer
Citibank

Graham Beale (from 17th July 2014)
Chief Executive Officer
Nationwide

Jeremy Bennett (from 17th July 2014)
Chief Executive Officer
Nomura

Alison Brittain
Group Director, Retail
Lloyds

Ludovic De Montille
UK Chairman
BNP Paribas

Paul Gallagher (from 17th July 2014)
Chief Executive Officer
ABN Amro

Russell Gibson
Director – Group Regulatory Affairs
RBS

Benny Higgins (from 17th July 2014)
Chief Executive Officer
Tesco Bank

Richard Holmes
Chief Executive Officer, Europe
Standard Chartered

Bob Hoyt
General Counsel
Barclays

Stephen Jones
Chief Finance Officer
Santander

David Long
EMEA Chief Operating Officer
Credit Suisse

Paul Lynam (from 17th July 2014)
Chief Executive Officer
Secure Trust

Simon Mackenzie-Smith (from 17th July 2014)
Managing Director, Chairman of UK & Ireland Corporate and
Investment Banking
Bank of America Merrill Lynch

Jeremy Marshall (from 17th July 2014)
Chief Executive Officer
C. Hoare & Co.

Antonio Simoes (from 17th July 2014)
Chief Executive UK
HSBC

Mark Sismey-Durrant (from 17th July 2014)
Chief Executive Officer
Hampshire Trust

Eileen Taylor
CEO, DB UK Bank Ltd
Deutsche Bank

David Thorburn (from 17th July 2014)
Chief Executive Officer
Clydesdale

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

We have audited the financial statements of British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited) for the year ended 31 December 2014 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, 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 Board and auditors

The Board 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/auditscopeukprivate.

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 2014 and of the group's deficit 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
Chartered Accountants & Statutory Auditor
London
17th April, 2015

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Income - continuing			
Subscriptions	1,2a)	7,729	7,515
Other income	2b)	2,472	2,131
Bank interest		23	59
		<u>10,224</u>	<u>9,705</u>
Income - discontinued		168	2,357
Total income		<u>10,392</u>	<u>12,062</u>
Expenditure - continuing	4	(10,538)	(9,811)
Expenditure - discontinued		(120)	(775)
Total expenditure		<u>(10,658)</u>	<u>(10,586)</u>
Excess of (expenditure)/over income before exceptional items, finance charges and tax		(266)	1,476
Exceptional items	5	<u>(771)</u>	-
Excess of (expenditure)/over income before finance charges and tax	3	(1,037)	1,476
Finance charges	21	(73)	(55)
Excess of (expenditure)/over income after finance charges and before taxation		(1,110)	1,421
Taxation	7	325	(439)
Excess of (expenditure)/over income after taxation transferred to accumulated fund		<u>(785)</u>	<u>982</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2014

	2014 £'000	2013 £'000
Excess of (expenditure) / over income	(785)	982
Actuarial gains/(losses)	118	(71)
Deferred taxation	(24)	14
	<u>(691)</u>	<u>925</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

CONSOLIDATED BALANCE SHEET AT 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	9	493	545
Current assets			
Stock		16	12
Debtors	10	9,478	8,742
Cash at bank and in hand		4,092	4,957
		13,586	13,711
Creditors: amounts falling due within one year	11	(8,682)	(8,219)
Net current assets		4,904	5,492
Total assets less current liabilities		5,397	6,037
Provisions for liabilities and charges			
Deferred taxation		-	(24)
Dilapidation provision	13	(482)	(461)
Net assets excluding post-retirement benefits liability		4,915	5,552
Post-retirement benefits liability	21	(1,261)	(1,207)
Net assets		3,654	4,345
Statement of accumulated fund			
Accumulated fund at 1 January 2014		4,345	3,420
Actuarial gains / (losses)		94	(57)
Excess of expenditure over income		(785)	982
Accumulated fund at 31 December 2014		3,654	4,345

The financial statements were approved by the Board on 17th April, 2015 and signed on its behalf by

Sir Nigel Wicks
Chairman

Anthony Browne
Chief Executive

The accompanying accounting policies and notes form an integral part of these financial statements.

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

ASSOCIATION BALANCE SHEET AT 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible fixed assets	9	108	239
Current assets			
Debtors	10	9,463	7,164
Cash at bank and in hand		531	1,377
		9,994	8,541
Creditors: amounts falling due within one year	11	(8,171)	(6,138)
Net current assets		1,823	2,403
Total assets less current liabilities		1,931	2,642
Provisions for liabilities and charges			
Deferred taxation		-	(25)
Net assets excluding post-retirement benefits liability		1,931	2,617
Post-retirement benefits liability	21	(1,261)	(1,207)
Net assets		670	1,410
Statement of accumulated fund			
Accumulated fund at 1 January 2014		1,410	700
Actuarial gains / (losses)		94	(57)
Excess of expenditure over income		(834)	767
Accumulated fund at 31 December 2014		670	1,410

The financial statements were approved by the Board on 17th April, 2015 and signed on its behalf by

Sir Nigel Wicks
Chairman

Anthony Browne
Chief Executive

The accompanying accounting policies and notes form an integral part of these financial statements.

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash (outflow)/inflow from operating activities	14	(324)	36
Returns on investments and servicing of finance			
Interest received		23	64
Taxation			
Corporation tax paid		(272)	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(292)	(296)
Decrease in cash		(865)	(196)

The accompanying accounting policies and notes form an integral part of these financial statements.

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

1 Accounting policies

Basis of preparation

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

The principal accounting policies of the Association have remained unchanged from the previous year and are set out below.

Going concern basis

The financial statements 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.

Stock

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

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the period.

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.

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

Pension costs

During the year, 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.

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

Post-retirement benefits

The Association provides 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 cost 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 Association has adopted FRS17 to account for post retirement benefits.

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 No 19.

The Association has adopted FRS19 to account for deferred tax.

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.

Costs recharged directly to members

In certain circumstances costs are recharged directly to specific categories of members. These recharges and associated costs are not recognised in the profit and loss account of the Association. They include:

- legal costs incurred in the Association's defence of seven civil actions in the United States in respect of the alleged manipulation and suppression of US\$ LIBOR. These costs are being recovered from the contributor banks
- cost incurred in the management of the Better Business Finance initiative in collaboration with leading banks here in the UK (including Northern Ireland) and business partners

Basis of consolidation

The Association financial statements consolidate the financial statements of the Association and its subsidiaries BBA Enterprises Ltd and BBA Trent Limited (formerly BBA LIBOR Limited), drawn up to 31 December 2014. In common with companies governed by the Companies Act, the Association has not presented its own profit and loss account. The net loss after taxation of the Association was £834,000 (2013: profit of £767,000).

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

Deferred income and expenses

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

2 Turnover

a) Subscriptions

	2014	2013
	£'000	£'000
Comprises		
Invoiced to members	<u>7,729</u>	<u>7,515</u>

b) Other income

	2014	2013
	£'000	£'000
Comprises		
Events, training and publications	1,387	1,334
Associate income	639	511
Room hire	140	127
Sundry	306	159
	<u>2,472</u>	<u>2,131</u>

Included in these results is turnover from the commercial activities of BBA Enterprises Ltd of £2,166k (2013: £1,972k).

In the current year LIBOR income is reported as discontinued business.

3 Excess of expenditure over income

The profit on ordinary activities before taxation is stated after:

	2014	2013
	£'000	£'000
Auditor's remuneration:		
Audit services	33	44
Non-audit services	46	25
Depreciation	165	115
Operating lease payments – rent	575	722
Dilapidation provision	21	28

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

4 Other operating expenses

	2014 £'000	2013 £'000
Continuing		
Staff costs	6,561	5,729
Accommodation charges	1,080	1,311
Professional services projects and outsourcing	677	518
Subscriptions	599	579
Other operating expenses	1,621	1,674
	<u>10,538</u>	<u>9,811</u>

5 Exceptional items

	2014 £'000	2013 £'000
Reorganisation costs	310	-
Costs that relate to prior years:		
- Impairment of fixed assets	179	-
- Additional FRS17 provision for healthcare costs	167	-
- Pension scheme administration	52	-
- Other costs	63	-
	<u>771</u>	<u>-</u>

6 Staff costs

Staff costs during the year were as follows:

	2014 £'000	2013 £'000
Staff costs include		
Salaries and social security costs	5,169	4,859
Past service costs	-	(463)
Pension contributions: Personal schemes	450	427
Additional pension contributions	707	687
Recruitment and other benefits	235	219
	<u>6,561</u>	<u>5,729</u>

Included within exceptional items are £294k of staff costs.

The average number of employees of the Association during the year was 68 (2013: 66 - restated).

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

7 Tax on profit on ordinary activities

The tax (credit)/charge is based on the (loss)/profit for the year and represents:

	2014 £'000	2013 £'000
Current tax		
United Kingdom corporation tax at 21.5% (2013: 23.5%)	-	271
Adjustments in respect of prior year:	<u>(66)</u>	-
Total current tax	<u>(66)</u>	<u>271</u>
Deferred tax		
Origination and reversal of timing differences	(260)	112
Change in tax rates	-	56
Difference in respect of previous periods	<u>1</u>	-
Total deferred tax	<u>(259)</u>	<u>168</u>
Tax on profit on ordinary activities	<u>(325)</u>	<u>439</u>
Factors affecting the tax charge for the period		
(Loss)/profit on ordinary activities before taxation	(1,110)	1,421
The tax assessed for the period is higher / lower than the standard rate of corporation tax in the United Kingdom 21.5% (2013: 23.5%)	(243)	333
Effects of:		
Timing differences on fixed assets	(24)	(27)
Income not taxable	-	(106)
Depreciation in excess of capital allowances	27	-
Other short term timing differences	(62)	8
Expenses not deductible for tax purposes	62	171
Other items	(14)	(18)
Defined benefit scheme timing differences	15	(90)
Prior year adjustment	(66)	-
Losses carried back	<u>239</u>	-
Actual current tax charge	<u>(66)</u>	<u>271</u>

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

8 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 2014 have been consolidated.

BBA Trent Limited, a wholly owned subsidiary of the Association, was set up in November 2009 and began trading on January 1 2010 to conduct LIBOR business. BBA Trent Limited was formerly known as BBA LIBOR Limited until it changed its name on 23 September 2014. 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 2014 have been consolidated.

9 Tangible fixed assets

Group

	Furniture and fittings £'000	Office equipment and computers £'000	Total £'000
Cost			
At 1 January 2014	2,889	1,991	4,880
Additions	262	30	292
At 31 December 2014	3,151	2,021	5,172
Accumulated depreciation			
At 1 January 2014	2,545	1,790	4,335
Charge for the period	101	64	165
Impairment in respect of prior years	73	106	179
At 31 December 2014	2,719	1,960	4,679
Net book value at 31 December 2014	432	61	493
Net book value at 31 December 2013	344	201	545

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

Tangible fixed assets (continued)

Association

	Furniture and fittings £'000	Office equipment and computers £'000	Total £'000
Cost			
At 1 January 2014	75	1,991	2,066
Additions	-	30	30
At 31 December 2014	<u>75</u>	<u>2,021</u>	<u>2,096</u>
Accumulated depreciation			
At 1 January 2014	37	1,790	1,827
Charge for the period	15	64	79
Reclassification	(25)	25	-
Impairment in respect of prior years	1	81	82
At 31 December 2014	<u>28</u>	<u>1,960</u>	<u>1,988</u>
Net book value at 31 December 2014	<u>47</u>	<u>61</u>	<u>108</u>
Net book value at 31 December 2013	<u>38</u>	<u>201</u>	<u>239</u>

10 Debtors

	Group		Association	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	5,969	5,987	4,624	4,208
Deferred tax	197	-	219	-
Amounts owed by other group undertakings	-	-	2,319	951
Prepayments and accrued income	2,005	2,755	1,554	2,005
Corporation tax receivable	65	-	65	-
Other debtors	1,242	-	682	-
	<u>9,478</u>	<u>8,742</u>	<u>9,463</u>	<u>7,164</u>

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

11 Creditors: amounts falling due within one year

	Group		Association	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade creditors	1,234	1,191	951	1,178
Amounts owed to group undertakings	-	-	1,355	-
Corporation tax payable	-	272	-	95
Deferred income	5,861	6,756	4,315	4,865
Accruals and other creditors	1,587	-	1,550	-
	<u>8,682</u>	<u>8,219</u>	<u>8,171</u>	<u>6,138</u>

Included in deferred income are member subscriptions billed in advance of £5,000k (2013: £4,084k).

12 Deferred taxation

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 31 December 2014 or 31 December 2013.

	Amount provided	
	2014 £'000	2013 £'000
The amount of deferred tax asset recognised at 20% (2013: 20%) comprises:		
Post retirement benefits	316	302
Excess of net book value over tax written down value of assets	(28)	(30)
Tax losses carried forward	223	-
Other timing differences	2	5
	<u>513</u>	<u>277</u>

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

Provision at 1 January 2014	277	431
Movement in the year in profit and loss	260	(168)
Movement in the year in statement of total recognised gains and losses	(24)	14
	<u>513</u>	<u>277</u>

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

NOTES TO THE Consolidated Financial Statements

For the year ended 31 December 2014

13 Dilapidation provision

	Group		Association	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Balance as at 1 January	461	436	-	436
Charge for the period January – September 2013 in BBA	-	20	-	20
Release of provision in BBA	-	(456)	-	(456)
Provision in BBA Enterprises Ltd	-	456	-	-
Charge for current year in BBA Enterprises Ltd	21	5	-	-
Balance as at 31 December	<u>482</u>	<u>461</u>	<u>-</u>	<u>-</u>

In October 2013 the lease for Pinners Hall was transferred from the British Bankers' Association to BBA Enterprises Ltd (see also note 22).

14 Reconciliation of excess of expenditure over income to net cash flow from operating activities

	2014 £'000	2013 £'000
Excess of (expenditure) over income	(1,037)	1,476
Depreciation charges	165	115
Impairment of fixed assets	179	-
Interest received	(23)	(64)
Increase in stock	(4)	(3)
Increase in debtors	(472)	(1,157)
Increase in creditors	734	156
Increase in dilapidation provision	21	25
Movement in post-retirement provision	186	(457)
Finance charges	(73)	(55)
Net cash (outflow)/inflow from operating activities	<u>(324)</u>	<u>36</u>

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

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15 Reconciliation of net cash flow to movement in cash

	2014 £'000	2013 £'000
Movement in short term deposits	(865)	(196)
Cash outflow in the period	<u>(865)</u>	<u>(196)</u>
Net cash at 1 January	4,957	5,153
Net cash at 31 December	<u><u>4,092</u></u>	<u><u>4,957</u></u>

16 Analysis of changes in net debt

	At 1 Jan 2014 £'000	Cash flow £'000	At 31 Dec 2014 £'000
Cash in hand	-	9	9
Short term deposits	4,957	(874)	4,083
	<u>4,957</u>	<u>(865)</u>	<u>4,092</u>

17 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.

18 Capital commitments

The Association had no capital commitments at 31 December 2014 or 31 December 2013.

19 Contingent liabilities

On 14 March 2013, 1 August 2013, 31 October 2013, 14 March 2014, 31 March 2014 and 13 November 2014, seven civil actions were commenced in the United States against the BBA and various other parties, including certain contributor banks, BBA Enterprises Ltd and BBA Trent Limited, by The Federal Home Loans Mortgage Corporation, the Principal Financial Group, the Federal National Mortgage Association, the Federal Deposit Insurance Corporation, the Bay Area Toll Authority and the Berkshire Bank and others respectively. In the proceedings, damages are claimed in respect of the alleged manipulation and suppression of US\$ LIBOR. The amount of damages claimed in each of these seven 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.

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

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Contingent liabilities (continued)

The BBA has indemnified the Hogg Committee, HMT and the FCA in respect of remuneration, costs and expenses of each incurred from January 2013 until completion of the transfer of the LIBOR operation on 31 January 2014 in connection with the sale of the business and assets of BBA LIBOR Limited. The total aggregate liability of the BBA and BBA Enterprises Ltd to the Hogg Committee, HMT, and the FCA is limited to £1.5 million. No claim has been received nor is the BBA aware that any is contemplated.

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

20 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 Trustees 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%

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

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Pension arrangements (continued)

Pensioner life expectancy is based on 90% of the S2NxA tables with allowance for future improvements in line with CM1_2014 projections with a long term improvement of 1.25% per annum.

At 31 December 2014, the Scheme had a total membership of 235 (2013: 238) of which approximately 55% 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% per annum (with a floor of 1% 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	
	2014	2013
	£'000	£'000
Additional pension contributions	<u>707</u>	<u>687</u>

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

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21 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 United Kingdom. An actuarial valuation was carried out as at 31 December 2014 by a qualified independent actuary.

The amounts recognised in the balance sheet are as follows:

	2014 £'000	2013 £'000
Present value of funded liabilities	<u>1,577</u>	<u>1,509</u>
Net deficit	1,577	1,509
Related deferred tax asset	<u>(316)</u>	<u>(302)</u>
Net liability	<u>1,261</u>	<u>1,207</u>

The amounts recognised in the profit or loss account are as follows:

	2014 £'000	2013 £'000
Past service cost/(gain)	167	(463)
Interest cost	<u>73</u>	<u>55</u>
Total	<u>240</u>	<u>(408)</u>

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

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	9 Months ended 31 December 2010 £'000
Opening cumulative statement of total recognised gains and losses	3,028	2,957	2,401	1,920	1,990
Actuarial (gains)/losses	<u>(118)</u>	<u>71</u>	<u>556</u>	<u>481</u>	<u>(70)</u>
Closing cumulative statement of total recognised gains and losses	<u>2,910</u>	<u>3,028</u>	<u>2,957</u>	<u>2,401</u>	<u>1,920</u>

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

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Post-retirement benefits (continued)

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

	2014 £'000	2013 £'000
Opening defined benefit liability	1,509	1,895
Interest cost	73	55
Actuarial (gains)/losses	(118)	71
Benefits paid	(54)	(49)
Past service cost/(gain)	167	(463)
Closing defined benefit liability	1,577	1,509

The Association's contributions during the account period amounted to £54,000 and the Association's contributions for 2015 are expected to be £56,300. The past service cost in the current period relates to the admission of an additional member to the scheme, the gain in the previous period arose owing to the transfer of an individual from the group scheme to another scheme at a reduced premium.

Disclosure of principal assumptions

	2014	2013
Discount rate at 31 December	3.4%	4.4%
Future increases to medical costs	9.0%	11.0%
Mortality	90%	90%

Historical information

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	9 Months ended 31 December 2010 £'000
Defined benefit liability	1,577	1,509	1,895	1,893	1,384
Deficit	(1,577)	(1,509)	(1,895)	(1,893)	(1,384)
Experience adjustment on scheme liabilities	118	(71)	(556)	(481)	70

British Bankers' Association (including BBA Enterprises Ltd and BBA Trent Limited)

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22 Operating lease

On 22 October 2013, BBA Enterprises Ltd 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 30 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.

23 Transactions with other related parties

Under FRS 8 the Association 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.

There are no other related party transactions.

24 Discontinued operations

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

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS