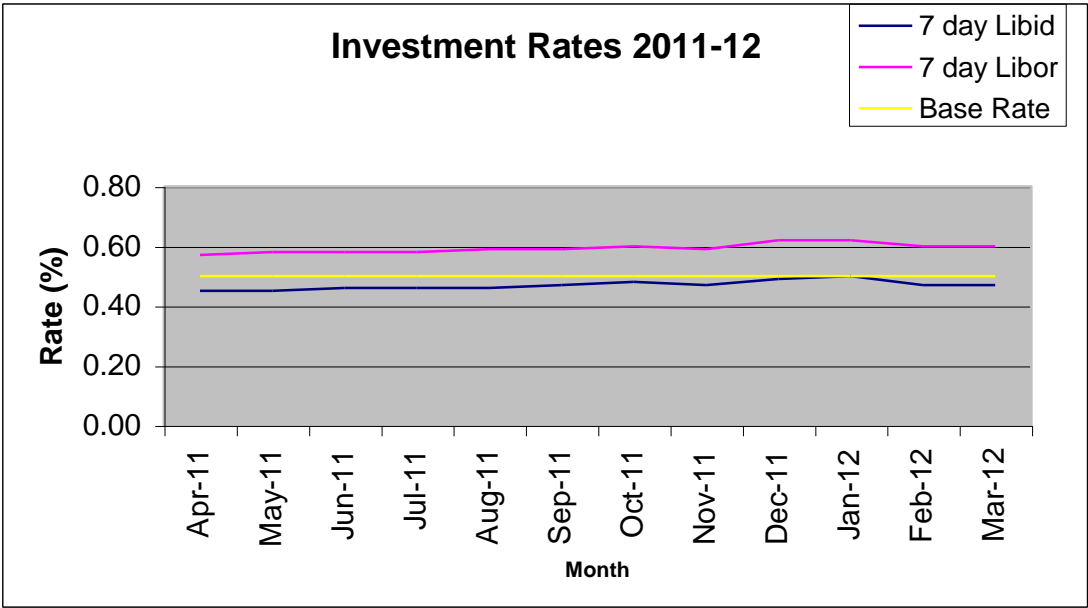
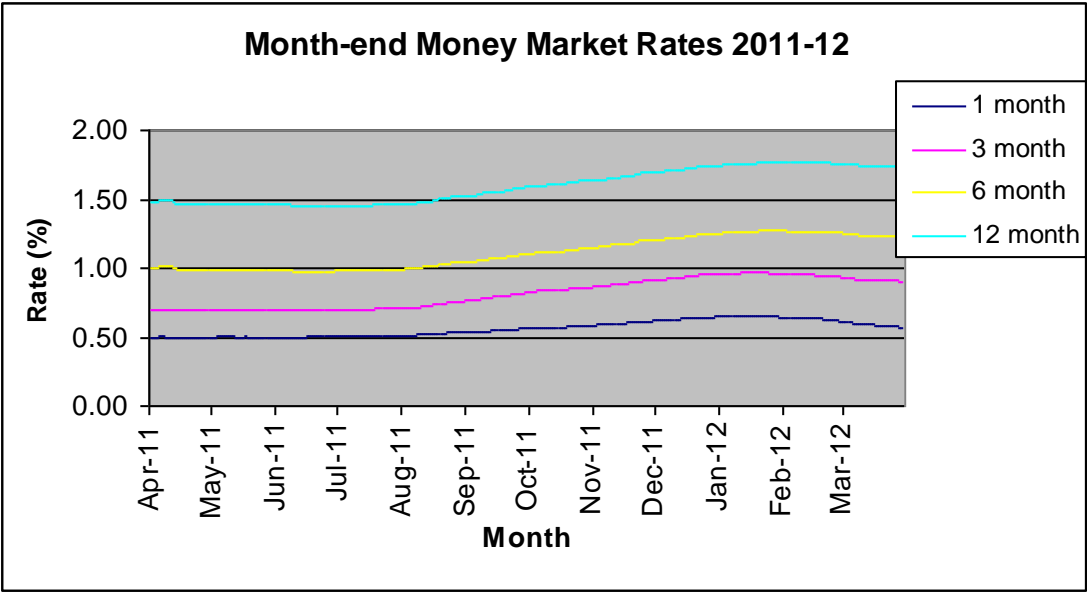


Interest Rate Movements 2011-12

Interest rates were closely monitored during the course of the year. The bank base rate remained at 0.5% throughout 2011-12. The average 7 day London Interbank Bid Rate (LIBID), and average 7 day London Interbank Offered Rate (LIBOR) remained within narrow ranges, between 0.45% and 0.50% for LIBID and 0.57% and 0.62% for LIBOR. This is illustrated in the chart below:



Rates achievable for money market investments, as measured by LIBID rates, were fairly flat at the start of the year, then rising gently from September, before dipping again slightly in the last two months of the year. This is shown in the chart below:



The following table shows:

- Minimum and maximum LIBID rates available during 2011-12.
- LIBID rates at the start and close of the year

LIBID RATES	1 month	3 months	6 months	12 months
	%	%	%	%
Minimum rate	0.50	0.69	0.98	1.45
Maximum rate	0.65	0.96	1.27	1.77
1 April 2011	0.50	0.70	1.00	1.48
31 March 2012	0.57	0.90	1.22	1.74

Rates rounded to two decimal places

Definitions of key terms used are set out below.

Bank of England Base Rate	The interest rate at which the Bank of England lends to financial institutions. This affects interest rates set by commercial banks, building societies and other institutions. Changing interest rates affects spending in the economy. A reduction in interest rates makes saving less attractive and borrowing more attractive, stimulating spending. The opposite occurs when interest rates are increased.
Libor Rate	The London Interbank <i>Offered</i> Rate is based on the average rate at which banks offer to <i>lend</i> to other banks.
Libid Rate	The London Interbank <i>Bid</i> Rate is the rate bid by banks on Eurocurrency deposits, i.e., the rate at which a bank is willing to <i>borrow</i> from other banks.