

Bristol & West plc

Interim Report for the six months ended 30 June 2012



REGISTERED NUMBER 2124201

BRISTOL & WEST PLC

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The Directors present their Interim Report and the unaudited condensed interim financial statements (the 'interim financial information') of Bristol & West plc (the 'Company') for the six months ended 30 June 2012.

Business Commentary

The Company continues to hold interest-bearing cash deposits with the Bank of Ireland Group (the 'BoI Group'), in order to meet its liabilities as they fall due, including the payment of future preference share dividends. No material changes to this position are expected in the second half of the financial year.

No ordinary share dividends were declared or paid during the six months ended 30 June 2012 (six months ended 30 June 2011: £nil).

The preference shares carry a mandatory coupon rate of 8.125% and are classified as financial liabilities. The dividends on these preference shares are recognised in the condensed statement of comprehensive income as interest expense.

Principal Risks and Uncertainties

The Company considers its strategic, operational and financial risks and identifies actions to mitigate these risks and uncertainties. There has been no significant change to the principal risks and uncertainties faced by the Company since 31 December 2011. Details of the Company's risk management strategy are set out on page 3 of the Company's Annual Report for the year ended 31 December 2011. Details of the Company's risk profile are set out on pages 25 to 28 of the Company's Annual Report for the year ended 31 December 2011.

Given the limited nature of the Company's activities, the principal risk that the Company faces is the inability to access funds in order to settle its liabilities as they fall due. Secure funding arrangements are in place to mitigate against this risk.

BRISTOL & WEST PLC

RESPONSIBILITY STATEMENT

The Directors are responsible for preparing this condensed interim financial information in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority ('DTR') and with International Accounting Standard 34 on Interim Financial Reporting (IAS 34).

The Directors confirm that this condensed interim financial information has been prepared in accordance with IAS 34 and that they give a true and fair view of the assets, liabilities, financial position and profit of the Company and that as required by DTR 4.2.7 and DTR 4.2.8, the Interim Report includes a fair review of:

- important events that have occurred during the first six months of the year;
- the impact of those events on the condensed interim financial information;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- details of any related party transactions that have materially affected the Company's financial position or performance in the six months ended 30 June 2012.

The Board of Directors who served during the period and up to the date of signing the interim financial statements was:

Desmond E Crowley
David McGowan
Mary E King
Stephen H Matchett
Andrew G Keating

Company Secretary
Richard Holden

By Order of the Board

Stephen Matchett
Director
23 August 2012

BRISTOL & WEST PLC

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Unaudited 6 months ended 30 June 2012	Unaudited 6 months ended 30 June 2011	Audited Year ended 31 December 2011
	£'000	£'000	£'000
Interest income	2,029	1,996	4,015
Interest expense	<u>(1,226)</u>	<u>(1,154)</u>	<u>(3,698)</u>
Net interest income	803	842	317
Other operating income	4 <u>-</u>	<u>1,758</u>	<u>1,648</u>
Total operating income	803	2,600	1,965
Other operating expenses	5 <u>(133)</u>	<u>(149)</u>	<u>(186)</u>
Profit for the period and total comprehensive income before taxation	670	2,451	1,779
Taxation	<u>(474)</u>	<u>(843)</u>	<u>(878)</u>
Profit for the period and total comprehensive income	<u>196</u>	<u>1,608</u>	<u>901</u>

The notes on pages 9 to 13 are an integral part of this condensed interim financial information.

BRISTOL & WEST PLC

CONDENSED BALANCE SHEET AS AT 30 JUNE 2012

	Note	Unaudited As at 30 June 2012 £'000	Audited As at 31 December 2011 £'000
Assets			
Loans and advances to banks	6	136,195	136,009
Other assets		5,168	5,167
Total Assets		141,363	141,176
Liabilities			
Preference shares	7	32,593	32,593
Amounts due to banks		13,660	14,044
Borrowed funds	8	70,568	70,568
Other liabilities		5,864	5,963
Current income tax liabilities		15,958	15,484
Total Liabilities		138,643	138,652
Equity			
Share capital	9	50	50
Retained earnings		2,670	2,474
Total Equity		2,720	2,524
Total Equity and Liabilities		141,363	141,176

The notes on pages 9 to 13 are an integral part of this condensed interim financial information.

This condensed interim financial information was approved by the Board of Directors on 23 August 2012 and signed on its behalf by:

Stephen Matchett
Director

Company Registered Number 2124201

BRISTOL & WEST PLC

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Unaudited 6 months ended 30 June 2012 £'000	Unaudited 6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Share capital			
Balance at the beginning and at the end of the period	<u>50</u>	<u>50</u>	<u>50</u>
Retained earnings			
Balance at the beginning of the period	2,474	1,573	1,573
Profit for the period and total comprehensive income	<u>196</u>	<u>1,608</u>	<u>901</u>
Balance at the end of the period	<u>2,670</u>	<u>3,181</u>	<u>2,474</u>
Total Equity	<u>2,720</u>	<u>3,231</u>	<u>2,524</u>

The notes on pages 9 to 13 form an integral part of this condensed interim financial information.

BRISTOL & WEST PLC
CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012

		Unaudited 6 months ended 30 June 2012 £'000	Restated* Unaudited 6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Cash flow from operating activities				
Profit before taxation		670	2,451	1,779
Unclaimed preference shares		-	(1,048)	(1,048)
Cash flows from operating activities before changes in operating assets and liabilities		670	1,403	731
Net change in loans and advances to banks	6	(186)	(154)	(331)
Net change in other assets		(1)	(711)	(4,303)
Net change in amounts due to banks		(384)	(407)	(887)
Net change in other liabilities		(99)	(131)	4,790
Net cash flow from operating assets and liabilities		(670)	(1,403)	(731)
Net cash flow from operating activities before taxation		-	-	-
Taxation		-	-	-
Net cash flow from operating activities		-	-	-
Net change in cash and cash equivalents		-	-	-
Opening cash and cash equivalents	6	16,876	16,876*	16,876
Closing cash and cash equivalents	6	16,876	16,876	16,876

The notes on pages 9 to 13 form an integral part of this condensed interim financial information.

* Opening cash and cash equivalents were restated following the reclassification of a balance held with the BoI Group of £1,840,000 to be consistent with the current period presentation. This restatement has had no impact on the other primary statements.

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

1. GENERAL INFORMATION AND BASIS OF PREPARATION

These financial statements are the unaudited condensed interim financial statements (the ‘interim financial information’) of Bristol & West plc, a company registered in the United Kingdom, for the six months ended 30 June 2012. The address of its registered office is One Temple Back East, Temple Quay, Bristol BS1 6DX.

1.1 Basis of preparation

This condensed interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority and with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union. This condensed interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. This condensed interim financial information was approved for issue by the Board of Directors on 23 August 2012.

1.2 Statutory accounts

This interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2011 were approved by the Board of Directors on 30 April 2012 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

1.3 Going concern

The time period that the Directors have considered in evaluating the appropriateness of the going concern basis in preparing this interim financial information for the six months ended 30 June 2012 is a period of twelve months from the date of approval of this interim financial information (‘the period of assessment’).

Context

The Company is a direct subsidiary of Bank of Ireland UK Holdings plc which is an indirect subsidiary of the Governor and Company of the Bank of Ireland. The Directors have considered the going concern of the Company and to the extent that the Company is dependent on the BoI Group for funding, have considered the going concern assessment of the BoI Group.

Going concern assessment of the BoI Group

The Company is reliant on the BoI Group for liquidity and funding.

The Court of Directors of the Governor and Company of the Bank of Ireland has concluded it is appropriate to prepare its interim financial statements for the six months ended 30 June 2012 on a going concern basis. Details of this going concern assessment are set out on pages 67 to 69 of the BoI Group’s Interim Report for the six months ended 30 June 2012.

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)**1.3 Going concern (continued)****Considerations specific to the Company****Profitability**

The Company holds interest-bearing cash deposits in order to meet its liabilities, principally the payment of future preference share dividends. The Company continues to be profitable and to generate sufficient income to meet these obligations and to cover its costs. The Directors are satisfied that the Company will continue to be profitable for the period of assessment. Profitability depends on the continued interest free funding provided by the parent company and this is considered below.

Capital

At 30 June 2012, the Company had total equity of £2,720,000, comprising share capital of £50,000 and retained earnings of £2,670,000. The Company has an interest free loan of £70,000,000 from the parent, Bank of Ireland UK Holdings plc which provides funding to ensure that future financial obligations can be met. There are a number of safeguards in place as referred to in the liquidity and funding section which have been considered by the Directors in assessing the capital position of the Company.

Liquidity and funding

The primary, external (non BoI Group) liability of the Company is the payment of dividends on its preference shares and the repayment of the preference shares. The Company has received an interest free loan of £70,000,000 from its parent Bank of Ireland UK Holdings plc, and the Directors have obtained representation from the BoI Group that sufficient funds will be made available by the BoI Group to ensure the Company can meet its obligations as they fall due for the foreseeable future.

In the event of the loan being recalled by the parent, the Directors have noted the agreement in place between the Company and the Governor and Company of the Bank of Ireland to meet the financial obligations of the Company, and are satisfied that funding will be available from BoI Group.

The Company has placed the funds from its parent on perpetual deposit with the Governor and Company of the Bank of Ireland, and this deposit earns sufficient interest to meet its liabilities over the period of assessment.

Conclusion

On the basis of the above assessments regarding the Company's capital and liquidity requirements and its profitability, and given that the BoI Group's interim financial statements for the six months ended 30 June 2012 have been prepared on a going concern basis, the Directors consider it appropriate to prepare the financial statements of the Company on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

2. ACCOUNTING POLICIES

The accounting policies and methods of computation and presentation applied by the Company in the preparation of this interim financial information are consistent with those set out on pages 12 to 18 of the Company's Annual Report for the year ended 31 December 2011.

2.1 Comparatives

Comparative figures have been adjusted where necessary, to conform with changes in presentation or where additional analysis has been provided in the current period.

Opening cash and cash equivalents were restated for the six months ended 30 June 2011, following the reclassification of a balance held with the BoI Group of £1,840,000 to be consistent with the current period presentation. This restatement has had no impact on the other primary statements.

2.2 Recently adopted accounting pronouncements

There have been no new accounting standards or amendments to or interpretations of existing accounting standards adopted by the Company during the six months ended 30 June 2012.

2.3 New accounting pronouncements

For details of new standards, interpretations and amendments to standards which had been issued by 31 December 2011 and which will be effective for periods beginning on or after 1 July 2012, see pages 17 to 18 of the Company's Annual Report for the year ended 31 December 2011.

There were no new standards or amendments to standards issued in the six months ended 30 June 2012, which are relevant to the Company.

2.4 Critical accounting estimates and judgements

There have been no significant changes to the Company's approach to, and methods of, making critical accounting estimates and judgements compared to those applied at 31 December 2011, as set out on page 19 of the Company's Annual Report for the year ended 31 December 2011.

3. OPERATING SEGMENTS

The Company operates in one business segment; as such a business segments note is not presented. All of the Company's business is in the UK.

4. OTHER OPERATING INCOME

	Unaudited 6 months ended 30 June 2012 £'000	Unaudited 6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Income from sale of unclaimed preference shares	-	1,048	1,048
Fees paid which are now refundable	-	1,500	600
Interest payable	-	(790)	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		1,758	1,648

BRISTOL & WEST PLC

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

5. OTHER OPERATING EXPENSES

	Unaudited 6 months ended 30 June 2012 £'000	Unaudited 6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Professional fees – tax and legal	133	101	138
Charitable donations	-	48	48
	<u>133</u>	<u>149</u>	<u>186</u>

6. LOANS AND ADVANCES TO BANKS

	Unaudited As at 30 June 2012 £'000	Audited As at 31 December 2011 £'000
Due from parent and fellow Bank of Ireland Group companies and included in cash equivalents	16,876	16,876
Due from parent and fellow Bank of Ireland Group companies	119,319	119,133
	<u>136,195</u>	<u>136,009</u>
Split out as follows:		
Perpetual deposit with interest rate of 5.5%	66,936	66,936
Rolling deposit with interest rate of 0.5% rolling quarterly	52,383	52,197
	<u>119,319</u>	<u>119,133</u>

Loans and advances to banks with a contractual maturity date of less than twelve months from the balance sheet date total £69,259,000 (31 December 2011: £69,073,000).

All amounts are unsecured.

7. PREFERENCE SHARES

	Rate	Unaudited As at 30 June 2012 £'000	Audited As at 31 December 2011 £'000
Preference Shares	8.125 %	<u>32,593</u>	<u>32,593</u>

The preference shares, which are non-redeemable, non-equity shares, rank equally amongst themselves with regard to participation in profits and in priority to the ordinary shares of the Company.

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**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

8. BORROWED FUNDS

	Unaudited As at 30 June 2012 £'000	Audited As at 31 December 2011 £'000
Amounts due to parent company	<u>70,568</u>	<u>70,568</u>

This amount includes an intercompany loan of £70,000,000 from the parent Bank of Ireland UK Holdings plc. This interest free loan does not have a fixed term and is repayable on demand.

9. SHARE CAPITAL

	Unaudited As at 30 June 2012 £'000	Audited As at 31 December 2011 £'000
Authorised 86,857,500 units on ordinary shares of £0.50 each	<u>43,429</u>	<u>43,429</u>
Allotted and fully paid 100,000 units of ordinary shares of £0.50 each	<u>50</u>	<u>50</u>

10. DIVIDENDS

No ordinary share dividends were declared or paid during the period (six months ended 30 June 2011: £nil; year ended 31 December 2011: £nil)

11. INCOME TAX

Tax is calculated at the prevailing UK corporation tax rate on the profit before the preference dividend, as the preference dividend is not tax deductible. The UK corporation tax rate was 26% for the three months to 31 March 2012 and reduced to 24% on 1 April 2012. The average tax rate for the six months ended 30 June 2012 is 25% (six months ended 30 June 2011: 27%; year ended 31 December 2011: 26.5%).

12. RELATED-PARTY TRANSACTIONS

The Company has not entered into any related party transactions during the six months ended 30 June 2012 that have materially affected the financial position or the performance of the Company.

13. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Bank of Ireland UK Holdings plc. The Company's ultimate parent company and controlling party is The Governor and Company of Bank of Ireland, a company incorporated by charter in the Republic of Ireland.

14. REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information has not been reviewed or audited by the independent auditors of the Company.