Bristol & West plc

Interim Report for the six months ended 30 June 2013

REGISTERED NUMBER 2124201

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The Directors present their Interim Report and the unaudited condensed interim financial statements (the ‘interim financial statements’) of Bristol & West plc (the ‘Company’) for the six months ended 30 June 2013.

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 2013 (year ended 31 December 2012: £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 2012. 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 2012. Details of the Company’s risk profile are set out on pages 28 to 31 of the Company’s Annual Report for the year ended 31 December 2012.

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.

RESPONSIBILITY STATEMENT

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

The Directors confirm that the condensed interim financial statements have 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 statements;
- 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 2013.

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
Hill Wilson Secretarial Limited

By Order of the Board

Stephen Matchett
Director
29 August 2013

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Unaudited 6 months ended 30 June 2013	Unaudited 6 months ended 30 June 2012	Audited Year ended 31 December 2012
		£'000	£'000	£'000
Interest income	4	1,969	2,029	4,011
Interest expense	4	(1,210)	(1,226)	(4,241)
Net interest income / (expense)		759	803	(230)
Other operating income	5	-	-	904
Total operating income		759	803	674
Other operating expenses	6	(353)	(133)	(306)
Profit for the period and total comprehensive income before taxation		406	670	368
Taxation	7	(372)	(474)	(1,716)
Profit / (Loss) for the period and total comprehensive income		34	196	(1,348)

The notes on pages 9 to 17 are an integral part of the condensed interim financial statements.

BRISTOL & WEST PLC

CONDENSED BALANCE SHEET AS AT 30 JUNE 2013

	Note	Unaudited As at 30 June 2013 £'000	Audited As at 31 December 2012 £'000
Assets			
Loans and advances to banks	8	141,871	141,743
Other assets		866	865
Total Assets		142,737	142,608
Liabilities			
Preference shares	9	32,593	32,593
Amounts due to banks		21,803	17,435
Borrowed funds	10	70,000	70,568
Other liabilities	11	7,629	7,754
Current income tax liabilities		9,502	13,082
Total Liabilities		141,527	141,432
Equity			
Share capital	12	50	50
Retained earnings		1,160	1,126
Total Equity		1,210	1,176
Total Equity and Liabilities		142,737	142,608

The notes on pages 9 to 17 are an integral part of the condensed interim financial statements.

The condensed interim financial statements was approved by the Board of Directors on 29 August 2013 and signed on its behalf by:

Stephen Matchett
Director

Company Registered Number 2124201

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Share capital			
Balance at the beginning and at the end of the period	50	50	50
Retained earnings			
Balance at the beginning of the period	1,126	2,474	2,474
Profit / (Loss) for the period and total comprehensive income	34	196	(1,348)
Balance at the end of the period	1,160	2,670	1,126
Total Equity	1,210	2,720	1,176

The notes on pages 9 to 17 form an integral part of the condensed interim financial statements.

BRISTOL & WEST PLC
CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Cash flow from operating activities				
Profit before taxation		406	670	368
Cash flows from operating activities before changes in operating assets and liabilities		406	670	368
Net change in loans and advances to banks	8	(128)	(186)	(329)
Net change in other assets		(1)	(1)	4,302
Net change in amounts due to banks		4,368	(384)	3,391
Net change in borrowed funds		(568)	-	-
Net change in other liabilities		(125)	(99)	1,791
Net cash flow from operating assets and liabilities		3,546	(670)	9,155
Net cash flow from operating activities before taxation		3,952	-	9,523
Taxation		(3,952)	-	(4,118)
Net cash flow from operating activities		-	-	5,405
Net change in cash and cash equivalents		-	-	5,405
Opening cash and cash equivalents	8	22,281	16,876	16,876
Closing cash and cash equivalents	8	22,281	16,876	22,281

The notes on pages 9 to 17 form an integral part of the condensed interim financial statements.

1. GENERAL INFORMATION AND BASIS OF PREPARATION

These financial statements are the unaudited condensed interim financial statements (the 'interim financial statements') of Bristol & West plc, a company registered in the United Kingdom, for the six months ended 30 June 2013. The address of its registered office is One Temple Back East, Temple Quay, Bristol BS1 6DX.

1.1 Basis of preparation

The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2012, 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. The condensed interim financial statements was approved for issue by the Board of Directors on 29 August 2013.

1.2 Statutory accounts

The interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2012 were approved by the Board of Directors on 26 April 2013 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 the interim financial statements for the six months ended 30 June 2013 is a period of twelve months from the date of approval of the interim financial statements ('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 2013 on a going concern basis. Details of this going concern assessment are set out on pages 63 to 65 of the BoI Group's Interim Report for the six months ended 30 June 2013.

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 2013, the Company had total equity of £1,210,000, comprising share capital of £50,000 and retained earnings of £1,160,000. The Company has an interest free loan of £70,000,000 from its 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 during the period of assessment.

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 2013 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.

2. ACCOUNTING POLICIES

The accounting policies and methods of computation and presentation applied by the Company in the preparation of the interim financial statements are consistent with those set out on pages 13 to 21 of the Company's Annual Report for the year ended 31 December 2012 except for the application of the following standards as of 1 January 2013:

Recently adopted accounting pronouncements
During the six months ended 30 June 2013, the Company adopted the following standards and amendments to standards:

• Amendment to IFRS 7: Offsetting Financial Assets and Financial Liabilities;
• IFRS 13 Fair Value Measurement; and
• Annual Improvements 2009-2011 (Annual Improvements).

As required by IAS 34, the nature and the effect of these changes are disclosed below. Several other new standards and amendments apply for the first time in 2013. However, they do not impact the interim consolidated financial statements of the Company.

New accounting pronouncements
The nature and the impact of each new standard / amendment is described below:

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendment to IFRS 7
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. The required disclosures will be reflected in the Annual Report for the year ended 31 December 2013. The application of this amendment had no impact on the financial position of the Company.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7: Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim consolidated financial statement. The Company provides these disclosures in note 13.

Annual Improvements 2009-2011 (the Annual Improvements)
The annual improvements process provides a vehicle for making non-urgent but necessary amendments to IFRSs. These amendments have had no impact on the financial position of the Company.

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.

2 ACCOUNTING POLICIES (Continued)

2.2 New accounting pronouncements

For details of new standards, interpretations and amendments to standards which had been issued by 31 December 2012 and which will be effective for periods beginning on or after 1 July 2013, see pages 19 to 21 of the Company's Annual Report for the year ended 31 December 2012.

2.3 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 2012, as set out on page 22 of the Company's Annual Report for the year ended 31 December 2012.

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. INTEREST INCOME AND INTEREST EXPENSE

	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Interest Income			
Amounts due from parent and fellow Bank of Ireland Group companies	1,969	2,029	4,011
Interest Expense			
Preference share dividends	1,324	1,324	2,648
Unclaimed preference share dividends	(114)	(98)	(98)
Other	-	-	1,691
	1,210	1,226	4,241

Interest expense other relates to non trading interest payable to a third party creditor.

5. OTHER OPERATING INCOME

	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Fees paid which are now refundable	-	-	904
	-	-	904

6. OTHER OPERATING EXPENSES

	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Professional fees – tax and legal	353	133	306
	353	133	306

7. TAXATION

	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Current tax:			
Corporation tax at 23.5% (30 June 2012: 25%, 31 December 2012: 24.5%)	372	474	-
Adjustments in respect of prior years	-	-	1,716
	372	474	1,716

The reconciliation of tax on the profit before taxation at the standard UK corporation tax rate to the Company's actual tax charge for the periods ended 30 June 2013 and 31 December 2012 is as follows:

	Unaudited 6 months ended 30 June 2013 £'000	Unaudited 6 months ended 30 June 2012 £'000	Audited Year ended 31 December 2012 £'000
Profit before tax	406	670	368
Tax calculated at a rate of 23.5% (30 June 2012: 25%, 31 December 2012: 24.5%)	95	168	90
Preference share dividends not deductible for tax purposes	277	306	625
Group relief at no cost – current year	-	-	(715)
Group relief at no cost – prior year	-	-	(21,481)
Adjustments in respect of prior year	-	-	23,197
Taxation charge	372	474	1,716

The adjustments in respect of prior year, included within the year ended 31 December 2012, relates to revisions to the expected outcome of certain historic transactions.

The UK corporation tax rate was 24% for the three months to 31 March 2013, reducing to 23% from 1 April 2013. The average tax rate for the six months ended 30 June 2013 is 23.5% (six months ended 30 June 2012: 25%; year ended 31 December 2012: 24.5%).

8. LOANS AND ADVANCES TO BANKS

	Unaudited As at 30 June 2013 £'000	**Audited As at 31 December 2012 £'000**
Due from parent and fellow Bank of Ireland Group companies and included in cash equivalents	22,281	22,281
Due from parent and fellow Bank of Ireland Group companies	119,590	119,462
	141,871	141,743
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	52,654	52,526
	119,590	119,462

Loans and advances to banks with a contractual maturity date of less than twelve months from the balance sheet date total £74,935,000 (31 December 2012: £74,807,000).

All amounts are unsecured.

9. PREFERENCE SHARES

	Rate %	**Unaudited As at 30 June 2013 £'000**	**Audited As at 31 December 2012 £'000**
Preference Shares	8.125	32,593	32,593

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.

10. BORROWED FUNDS

	Unaudited As at 30 June 2013 £'000	**Audited As at 31 December 2012 £'000**
Amounts due to parent company	70,000	70,568

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.

11. OTHER LIABILITIES

	Unaudited As at 30 June 2013 £'000	Audited As at 31 December 2012 £'000
Accrued interest payable	7,131	7,142
Unclaimed preference share dividends	465	579
Other	33	33
	7,629	7,754

12. SHARE CAPITAL

	Unaudited As at 30 June 2013 £'000	Audited As at 31 December 2012 £'000
Authorised		
86,857,500 units on ordinary shares of £0.50 each	43,429	43,429
Allotted and fully paid		
100,000 units of ordinary shares of £0.50 each	50	50

13. FAIR VALUES OF ASSETS AND LIABILITIES

Measurement basis of financial assets and liabilities
All financial assets are categorised as loans and receivables and are measured at amortised cost. All financial liabilities are measured at amortised cost.

The carrying amount and the fair value of the Company's financial assets and liabilities as at 30 June 2013 and 31 December 2012 are set out in the table below.

		30 June 2013		31 December 2012	
		Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial assets					
Loans and advances to banks	(1)	141,871	125,726	141,743	130,667
Other assets	(2)	866	866	865	865
Total		142,737	126,592	142,608	131,532
Financial liabilities					
Preference shares	(3)	32,593	32,186	32,593	32,822
Amounts due to banks	(2)	21,803	21,803	17,435	17,435
Borrowed Funds	(2)	70,000	70,000	70,568	70,568
Other liabilities	(2)	7,629	7,629	7,754	7,754
Total		132,025	131,618	128,350	128,579

13. FAIR VALUES OF ASSETS AND LIABILITIES (Continued)

The following notes summarise the methods and assumptions used in estimating the fair values of financial instruments shown:

1. Loans and advances to banks
   This comprises inter-bank placements. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates.

2. The fair value of these financial instruments is equal to the carrying value. These instruments are non interest bearing and are repayable on demand.

3. Preference shares
   The fair value of these instruments is calculated based on quoted market prices where available.

14. EQUITY DIVIDENDS

No ordinary share dividends were declared or paid during the period (six months ended 30 June 2012: £nil; year ended 31 December 2012: £nil)

15. RELATED-PARTY TRANSACTIONS

The tables below detail balances outstanding at the end of the period with related parties, and movements in these balances during the period.

Assets comprise loans and advances to banks (note 8) and other assets. Liabilities comprise amounts due to banks and borrowed funds (note 10).

	Ultimate Parent		Parent		Fellow BoI Group Undertakings	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	£'000	£'000	£'000	£'000	£'000	£'000
Assets						
At the beginning of the period	142,217	136,484	391	287	-	3,805
Net amount advanced/(repaid)	129	5,733	-	104	-	(3,805)
At the end of the period	142,346	142,217	391	391	-	-
Interest income	1,969	4,011	-	-	-	-
Liabilities						
At the beginning of the period	17,435	14,044	70,000	70,000	568	568
Net amount advanced/(repaid)	4,367	3,391	-	-	(568)	-
At the end of the period	21,803	17,435	70,000	70,000	-	568

Taxation
During the 6 months to 30 June 2013 group relief of £ nil (year ended 31 December 2012: £22,196,000) was surrendered for no payment as per Note 7.

16. 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.

17. REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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