

Bristol & West plc

Interim Report for the six months ended 30 June 2014

**BRISTOL
& WEST**



REGISTERED NUMBER 2124201

BRISTOL & WEST PLC

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The Directors present their Interim Management Report and the unaudited interim financial statements (the 'interim financial statements') of Bristol & West plc (the 'Company') for the six months ended 30 June 2014.

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 2014 (year ended 31 December 2013: £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 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 2013. 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 2013. Details of the Company's risk profile are set out on pages 31 to 33 of the Company's Annual Report for the year ended 31 December 2013.

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 the Interim Report 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 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 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 2014.

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

Desmond E Crowley
David McGowan
Andrew G Keating

Company Secretary
Hill Wilson Secretarial Limited

By Order of the Board

David McGowan
Director
26 August 2014

BRISTOL & WEST PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Unaudited 6 months ended 30 June 2014	Unaudited 6 months ended 30 June 2013	Audited Year ended 31 December 2013
		£'000	£'000	£'000
Interest income	4	1,958	1,969	3,939
Interest expense	4	<u>(1,189)</u>	<u>(1,210)</u>	<u>(2,534)</u>
Net interest income / (expense)		769	759	1,405
Other operating expenses	5	<u>(293)</u>	<u>(353)</u>	<u>(343)</u>
Profit for the period and total comprehensive income before taxation		476	406	1,062
Taxation	6	<u>(367)</u>	<u>(372)</u>	<u>(348)</u>
Profit for the period and total comprehensive income		<u><u>109</u></u>	<u><u>34</u></u>	<u><u>714</u></u>

The notes on pages 9 to 18 are an integral part of the interim financial statements.

BRISTOL & WEST PLC

BALANCE SHEET AS AT 30 JUNE 2014

	Note	Unaudited As at 30 June 2014 £'000	Audited As at 31 December 2013 £'000
Assets			
Loans and advances to banks	7	137,839	137,206
Other assets		865	865
Total Assets		<u>138,704</u>	<u>138,071</u>
Liabilities			
Preference shares	8	32,593	32,593
Amounts due to banks		25,064	23,935
Borrowed funds	9	70,000	70,000
Other liabilities	10	7,494	7,629
Current income tax liabilities		1,554	2,024
Total Liabilities		<u>136,705</u>	<u>136,181</u>
Equity			
Share capital	11	50	50
Retained earnings		1,949	1,840
Total Equity		<u>1,999</u>	<u>1,890</u>
Total Equity and Liabilities		<u>138,704</u>	<u>138,071</u>

The notes on pages 9 to 18 are an integral part of the interim financial statements.

The interim financial statements were approved by the Board of Directors on 26 August 2014 and signed on its behalf by:

David McGowan
Director
26 August 2014

Company Registered Number 2124201

BRISTOL & WEST PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 6 months to 30 June 2014	Audited Year ended 31 December 2013
	£'000	£'000
Share capital		
Balance at the beginning and at the end of the period	50	50
Retained earnings		
Balance at the beginning of the period	1,840	1,126
Profit retained	109	714
Balance at the end of the period	1,949	1,840
Total Equity	1,999	1,890

The notes on pages 9 to 18 form an integral part of the interim financial statements.

BRISTOL & WEST PLC
CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Unaudited 6 months ended 30 June 2014	Unaudited 6 months ended 30 June 2013	Audited Year ended 31 December 2013
	Note	£'000	£'000	£'000
Cash flow from operating activities				
Profit before taxation		476	406	1,062
Cash flows from operating activities before changes in operating assets and liabilities				
		476	406	1,062
Net change in loans and advances to banks	7	(117)	(128)	3,897
Net change in other assets		-	(1)	-
Net change in amounts due to banks		1,129	4,368	6,500
Net change in borrowed funds	9	-	(568)	(568)
Net change in other liabilities	10	(135)	(125)	(126)
Net cash generated from operating assets and liabilities		877	3,546	9,703
Net cash generated from operating activities before taxation				
		1,353	3,952	10,765
Taxation paid		(837)	(3,952)	(11,405)
Net cash generated from/(used in) operating activities		516	-	(640)
Net increase / (decrease) in cash and cash equivalents		516	-	(640)
Opening cash and cash equivalents	7	21,641	22,281	22,281
Closing cash and cash equivalents	7	22,157	22,281	21,641

The notes on pages 9 to 18 form an integral part of the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

1. GENERAL INFORMATION AND BASIS OF PREPARATION

These financial statements are the unaudited 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 2014. The address of its registered office is One Temple Back East, Temple Quay, Bristol BS1 6DX.

1.1 Basis of preparation

The interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority (DTR) and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. These interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 2013 were approved by the Board of Directors on 10 April 2014 and filed with 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 2014 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 whose ultimate parent is 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.

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 2014, the Company had total equity of £1,999,000, comprising share capital of £50,000 and retained earnings of £1,949,000. The Company has an interest-free loan of £70 million 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 million 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.

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 2014 on a going concern basis. Details of this going concern assessment are set out on pages 73 to 74 of the BoI Group's Interim Report for the six months ended 30 June 2014.

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 2014 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 STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

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 22 of the Company's Annual Report for the year ended 31 December 2013 except for the application of the following standards as of 1 January 2014:

Recently adopted accounting pronouncements

During the six months ended 30 June 2014, the Company adopted the following standards and amendments to standards. The nature and the impact of each new standard / amendment are described below:

Pronouncement	Nature of Change	Effective Date	Impact
Amendments to IAS 32 'Financial Instruments' on assets and liability offsetting	These amendments provide additional application guidance to address inconsistencies identified in applying the offsetting criteria used in the standard. Some gross settlement systems may qualify for offsetting where they exhibit certain characteristics akin to net settlement.	Financial periods beginning on or after 1 January 2014.	None.
IAS 27 (revised), 'Separate Financial Statements'	IAS 27 (revised) contains the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	Financial periods beginning on or after 1 January 2014.	None.
Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' on impaired assets disclosures	These narrow-scope amendments to IAS 36, 'Impairment of Assets' require disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.	Financial periods beginning on or after 1 January 2014.	None.
Annual improvements 2010-2012 and Annual improvements 2011-2013	The annual improvements process provides a vehicle for making non-urgent but necessary amendments to IFRSs.	Financial periods beginning on or after 1 July 2014.	None.

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.

2.2 Critical accounting estimates and judgements

The preparation of the interim financial statements requires the Company to make estimates and judgements that impact the reported amounts of assets and liabilities, income and expense. 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 2013, as set out on page 23 of the Company's Annual Report for the year ended 31 December 2013.

BRISTOL & WEST PLC

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

3. OPERATING SEGMENTS

The Company operates in one business segment; as such a business segment's 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 2014 £'000	Unaudited 6 months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Interest Income			
Amounts due from parent and fellow Bank of Ireland Group companies	1,958	1,969	3,939
	<hr/>	<hr/>	<hr/>
Interest Expense			
Preference share dividends	1,324	1,324	2,648
Unclaimed preference share dividends	(135)	(114)	(114)
	<hr/>	<hr/>	<hr/>
	<u>1,189</u>	<u>1,210</u>	<u>2,534</u>

5. OTHER OPERATING EXPENSES

	Unaudited 6 months ended 30 June 2014 £'000	Unaudited 6 months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Professional fees – tax and legal	293	353	404
Other	-	-	(61)
	<hr/>	<hr/>	<hr/>
	<u>293</u>	<u>353</u>	<u>343</u>

'Other' relates to fees reimbursed to the Company.

BRISTOL & WEST PLC

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

6. TAXATION

	Unaudited 6 months ended 30 June 2014 £'000	Unaudited 6 months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Current tax:			
UK Corporation tax	367	372	836
Adjustments in respect of prior years	-	-	(488)
	<u>367</u>	<u>372</u>	<u>348</u>

The UK corporation tax rate was 23.25% for the three months to 31 March 2014, reducing to 22% from 1 April 2014. The average tax rate for the six months ended 30 June 2014 is 22% (six months ended 30 June 2013: 23.5%; year ended 31 December 2013: 23.25%).

7. LOANS AND ADVANCES TO BANKS

	Unaudited As at 30 June 2014 £'000	Audited As at 31 December 2013 £'000
Due from parent and fellow Bank of Ireland Group companies included in cash equivalents	22,157	21,641
Due from parent and fellow Bank of Ireland Group companies	115,682	115,565
	<u>137,839</u>	<u>137,206</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	48,746	48,629
	<u>115,682</u>	<u>115,565</u>

Loans and advances to banks with a contractual maturity date of less than twelve months from the balance sheet date total £70,903,000 (year ended 31 December 2013: £70,270,000).

All amounts are unsecured.

8. PREFERENCE SHARES

	Rate	Unaudited As at 30 June 2014 £'000	Audited As at 31 December 2013 £'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.

BRISTOL & WEST PLC

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

9. BORROWED FUNDS

	Unaudited As at 30 June 2014 £'000	Audited As at 31 December 2013 £'000
Amounts due to parent company	<u>70,000</u>	<u>70,000</u>

This amount is an intercompany loan from the Company's parent, Bank of Ireland UK Holdings plc. This interest-free loan does not have a fixed term and is repayable on demand.

10. OTHER LIABILITIES

	Unaudited As at 30 June 2014 £'000	Audited As at 31 December 2013 £'000
Accrued interest payable	7,130	7,130
Unclaimed preference share dividends	330	465
Other	34	34
	<u>7,494</u>	<u>7,629</u>

The movement in unclaimed preference share dividends represents the amount which can no longer be claimed and has been recognised in the Statement of Comprehensive Income in the current period.

11. SHARE CAPITAL

	Unaudited As at 30 June 2014 £'000	Audited As at 31 December 2013 £'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>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

12. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where possible, the Company calculates fair value using observable market prices. Where market prices are not available, fair values are determined using valuation techniques which may include discounted cash flow models or comparisons to instruments with characteristics either identical or similar to those of the instruments held by the Company or at recent arm's length market transactions. These fair values are classified within a three-level fair value hierarchy, based on the inputs used to value the instrument. Where the inputs might be categorised within different levels of the fair value hierarchy, the fair value measurement in its entirety is categorised in the same level of the hierarchy as the lowest level input that is significant to the entire measurement. The levels are defined as:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Transfers between different levels are assessed at the end of all reporting periods.

All financial instruments are recognised at amortised cost and on the balance sheet, the Company discloses their fair value in a way that permits them to be compared to their carrying values.

A description of the methods, assumptions and processes used to calculate the fair value of these assets and liabilities is set out on pages 29 of the Company's Annual Report for the year ended 31 December 2013. At 30 June 2014, there has been no significant change to those methods, assumptions or processes.

As at 30 June 2014

	Quoted prices in active market	Valuation techniques observable Inputs	Valuation techniques unobservable Inputs	
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Fair value of financial assets held at amortised cost				
Loans and advances to banks	-	140,147	-	140,147
Total	-	140,147	-	140,147
Fair value of financial liabilities held at amortised cost				
Preference shares	-	36,505	-	36,505
Amounts due to banks	-	25,064	-	25,064
Borrowed funds	-	-	70,000	70,000
	-	61,569	70,000	131,569

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

12. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

As at 31 December 2013

	Quoted prices in active market	Valuation techniques observable Inputs	Valuation techniques unobservable Inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Fair value of financial assets held at amortised cost				
Loans and advances to banks	-	133,461	-	133,461
Total	-	133,461	-	133,461
Fair value of financial liabilities held at amortised cost				
Preference shares	-	35,527	-	35,527
Amounts due to banks	-	23,935	-	23,935
Borrowed funds	-	-	70,000	70,000
	-	59,462	70,000	129,462

There were no transfers into or out of level 3 during the six months to 30 June 2014 and the year ended 31 December 2013. Nor were there any transfers between level 1 and level 2 in those periods.

Measurement basis of financial assets and liabilities

All financial assets and liabilities are initially measured at fair value and are then subsequently accounted for at amortised cost.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

12. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying amount and the fair value of the Company's financial assets and liabilities as at 30 June 2014 and 31 December 2013 are set out in the table below.

	30 June 2014		31 December 2013	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial assets				
Loans and advances to banks (1)	137,839	140,147	137,206	133,461
Total	<u>137,839</u>	<u>140,147</u>	<u>137,206</u>	<u>133,461</u>
Financial liabilities				
Preference shares (3)	32,593	36,505	32,593	35,527
Amounts due to banks (2)	25,064	25,064	23,935	23,935
Borrowed Funds (2)	70,000	70,000	70,000	70,000
Total	<u>127,657</u>	<u>131,569</u>	<u>126,528</u>	<u>129,462</u>

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 for assets with similar credit risk and remaining maturity. The increase in fair value from 31 December 2013 reflects movements in these rates during the period.
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 broker prices where available.

13. EQUITY DIVIDENDS

No ordinary share dividends were declared or paid during the period (year ended 31 December 2013: £nil).

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

14. 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 7) and other assets. Liabilities comprise amounts due to banks and borrowed funds (note 9).

	Ultimate Parent		Parent	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	£'000	£'000	£'000	£'000
Assets				
At the beginning of the year	137,680	142,217	391	391
Net amount advanced/(repaid)	633	(4,537)	-	-
At the end of the year	138,313	137,680	391	391
Interest income	1,958	3,939	-	-
Liabilities				
At the beginning of the year	23,935	17,435	70,000	70,000
Net amount advanced/(repaid)	1,129	6,500	-	-
At the end of the year	25,064	23,935	70,000	70,000

There were no assets or liabilities due to any other BoI Group undertakings at 30 June 2014 and 31 December 2013.

There are no provisions in respect of any failure, or anticipated failure, to repay any of the above loans or interest thereon.

15. 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 the Bank of Ireland, a corporation established in Ireland in 1783 under Royal Charter with a primary listing on the Irish Stock Exchange and a premium listing on the London Stock Exchange.

16. REVIEW OF INTERIM FINANCIAL STATEMENTS

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

17. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events that would require disclosure or adjustment to this Interim Report.