

Bristol & West plc

Report and Accounts for the Year ended 31 March 2009



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BRISTOL & WEST PLC

CONTENTS

	PAGE
CHIEF EXECUTIVE'S REVIEW	2
DIRECTORS' REPORT	3
CORPORATE GOVERNANCE	6
INDEPENDENT AUDITORS' REPORT	8
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009	10
BALANCE SHEET AS AT 31 MARCH 2009	11
STATEMENT OF RECOGNISED INCOME AND EXPENSE AT 31 MARCH 2009	12
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009	13
NOTES TO THE FINANCIAL STATEMENTS	15

BRISTOL & WEST PLC

CHIEF EXECUTIVE'S REVIEW

Operating and Financial Review

The Company made a profit of £3.3m for the year ended 31 March 2009 (31 March 2008: £25.6m.). The reduction in profitability reflects the transfers of business that took place in the prior year as noted in the table below:

	2009	2008
	£m	£m
Profit before tax on continuing operations	3.3	5.6
Profit before tax on transferred business	-	6.5
Profit before tax arising from the corporate restructure	-	13.5
Profit before tax on discontinued operations	-	20.0
Profit before tax	<u>3.3</u>	<u>25.6</u>

Bristol & West plc no longer runs any operational businesses. The Company maintains interest-bearing cash deposits in order to earn sufficient return to meet its liabilities as they fall due, principally the payment of preference share dividends. The profit before tax on continuing operations of £3.3m (2008: £5.6m) reflects the interest earned on deposits net of coupons paid to preference shareholders in the current year. The year on year decline in profit on continuing operations results from lower interest earned on the floating rate deposits as market interest rates fell during the year offset somewhat by the redemption in the prior year of £46.0m of preference shares which has reduced the amounts payable to preference shareholders from £4.5m in 2008 to £2.6m in the current year.

The profit before tax on discontinued operations of £20.0m in the prior year has two components. Firstly, the results for the year ended 31 March 2008 contain six months of profit in respect of the transferred businesses earned up until the corporate restructure which was completed on 1 October 2007. Secondly, the company made a profit before tax of £13.5m relating to the corporate restructure itself that was carried out in the prior year.

Bristol & West plc in the Community

Up until the date of the transfer of its business the Company continued to support the community through a number of initiatives. These included its participation in the Bank of Ireland Group's "Give Together Initiative" which gave each employee one day's leave per year to volunteer their time to a cause of their choice.

These initiatives continue to be undertaken within the Bank of Ireland Group following the transfer of the business and employees.

Outlook

Following the transfer of the business to other parts of the Bank of Ireland Group the Company ceased to have any operations or customers.

However, as mentioned above, the Company will continue to hold interest-bearing cash deposits to meet its liabilities as they fall due, including the payment of future preference share dividends

Desmond E Crowley
Chief Executive
28 July 2009

BRISTOL & WEST PLC

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Bristol & West plc (the 'Company') for the financial year ended 31 March 2009. A statement of Directors' Responsibilities is included on page 7.

In accordance with Section 228 of the Companies Act 1985, following the disposal by the Company on 1 October 2007 of all its subsidiaries to its parent company Bank of Ireland UK Holdings plc, these financial statements are prepared only for Bristol & West plc.

Principal activities

On 1 October 2007 the business of Bristol & West plc, which was to provide lending and savings products via various distribution channels, was transferred to other statutory entities within the Bank of Ireland Group. Further details of this corporate restructure are given in Note 7 to the accounts.

The Company continues to hold interest-bearing cash deposits in order to meet its liabilities, including the payment of future preference share dividends.

Review of Business and Future Developments

A review of the business and future developments is given in the Chief Executive's Review. Following the corporate restructure the key performance indicator applied by management regarding the remaining activity is to ensure that sufficient interest income is being generated to meet the cost of the preference share dividends as they fall due.

Results and dividends

As mentioned above the business of the Company was transferred to other statutory entities within the Bank of Ireland Group on 1 October 2007. Accordingly the results of the Company have been segregated between 'continuing operations' (relating to a limited number of non-operational assets and liabilities that remain) and 'discontinued operations' relating to the transferred business.

The Company made a profit before taxation of £3.3m (2008: £25.6m) of which a profit of £3.3m related to continuing operations (2008: £5.6m) and a result of nil related to discontinued operations (2008: profit of £20.0m). The Income Statement for the year can be seen on page 10.

In the prior year, as part of the corporate restructure and in accordance with section 135 of the Companies Act, the share capital of the Company was reduced from £306.6m to £50,000 and its share premium of £18.5m was cancelled, and these amounts were repaid to its parent company, Bank of Ireland UK Holdings plc. Any reserves that are not required to be retained for the continuing operations are distributed by way of dividends to its parent company. Total dividends paid during the current financial year were £7.0m (2008: £395.2m) (see Note 19).

The preference shares carry a coupon rate of 8.125% (see Note 12). As part of the corporate restructure £46.0m of preference shares were repaid to preference shareholders, a result of which was to reduce the amount of preference share dividends payable during the period to £2.6m (2008: £4.5m).

Total dividend payments of £7.0m were made during the year as follows:
29 December 2008 - £70 per ordinary share

Risk Management

The risks associated with the operations of the Company were significantly reduced following the transfer of its business on 1 October 2007. The Company's financial risk management objectives and policies and principal risk exposures facing the business are set out in Note 18 to the accounts.

People

Following the corporate restructure on 1 October 2007 all contracts of employment held by the Company were transferred to The Governor and Company of Bank of Ireland and therefore the Company ceased to have any employees from this date.

BRISTOL & WEST PLC

DIRECTORS' REPORT (continued)

Charitable donations

The Company made no charitable donations in the year ended 31 March 2009. In the prior year, donations amounting to £80,475 were made to a wide range of beneficiaries. No political donations were made (2008: £nil).

Board of Directors who served during the year and up to the date of signing the financial statements:**Executive Directors****Desmond E Crowley**

Joined Bank of Ireland in 1988. March 2000 became a member of the Group Executive Committee on being appointed Chief Executive of Retail Banking and Distribution. Appointed Chief Executive Retail Financial Services, Ireland in April 2004. On 1 January 2006, appointed Chief Executive of Bristol & West. Appointed chairman on 28 July 2009

Age: 49

Richard M Brown

Joined Bristol & West plc in 1992 and is Managing Director of Personal Lending UK. Appointed Executive Director of Bristol & West plc on 28 January 2004. Appointed a Director and Trustee of Bristol & West Pensions Trustees Limited on 16 February 2006.

Age: 45

David McGowan

Joined Bank of Ireland in 1979 and is Managing Director of Business Banking UK. Appointed Executive Director of Bristol & West plc on 28 February 2005.

Age: 53

Kieran Coleman

Joined Bank of Ireland in 2007 as Finance Director for the UK Financial Services Division. Previously he was Finance Director, Prudential UK and Europe, and Chief Financial Officer of Egg plc.

Age: 40

Peter F Morris

Joined Bank of Ireland Group in 1974. Previously Managing Director of Business Financial Services GB. Appointed Risk Director – UKFS Division in 2004. Appointed Executive Director of Bristol & West plc on 21 November 2007. Resigned as Director of Bristol & West plc on 3 July 2009

Age: 52

BRISTOL & WEST PLC

DIRECTORS' REPORT (continued)

Board of Directors (continued):**Non-Executive Directors****Brian J Goggin**

Former Chief Executive of Bank of Ireland Group. Was appointed Non-Executive Director of Bristol & West plc on 21 July 2004 and appointed as Chairman of the Board on 28 February 2005. Resigned as a Director and Chairman with effect from 25 February 2009.

Age: 57

John O'Donovan

Chief Financial Officer of Bank of Ireland Group. Was appointed Non-Executive Director of Bristol & West plc on 25 June 2002.

Age: 57

Directors' Interests

There were no Directors with interests in the shares of the Company. The Company is a wholly owned subsidiary of The Governor and Company of Bank of Ireland, a body corporate incorporated outside the United Kingdom. As such the Directors are not required to disclose their interest in shares in, or debentures of, that or any other body corporate incorporated outside of Great Britain.

Provision of information to auditors

All directors at the time of approving this report confirm the following:

- (a) so far as each Director is aware, there is no information of which the Company's auditors are unaware, and
- (b) each Director has taken all the steps they ought to have taken as a director, in order to make themselves aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

Independent Auditors

A resolution concerning the reappointment of PricewaterhouseCoopers LLP will be submitted to the Annual General Meeting.

Signed by order of the Board

Kieran Coleman

Director

28 July 2009

BRISTOL & WEST PLC

CORPORATE GOVERNANCE

Disclosures on internal controls specified by the 2006 Combined Code, which incorporates the recommendations of the Turnbull Committee, are provided below. The Company was not required to make other Combined Code disclosures as it was exempt under the Listing Rules.

Internal control

As a result of the corporate restructure referred to in the Directors' Report and described in more detail in Note 7, the principal risks of the Company were substantially reduced and at both 31 March 2008 and 31 March 2009 only relate to the limited non-operational assets and liabilities that remain in the Company. The principal risk facing the business is a potential shortfall of cash to meet its liabilities as they fall due. The adequacy of the Company's cash position will continue to be reviewed by the Directors with appropriate action being taken if any issues arise in the future.

The Directors acknowledge their overall responsibility for the Company's system of internal control which operates within the governance and oversight of the wider Bank of Ireland Group. In particular oversight is provided by the Finance, and Risk functions of Bank of Ireland and Group Internal Audit continue to have responsibility for reviewing the adequacy of controls of the Company post the restructure carried out in the previous financial year.

Prior to the corporate restructure the effectiveness of the Company's internal controls was monitored by the Audit Committee and by the Board. Following the corporate restructure referred to above, the effectiveness of internal controls is assessed on an ongoing basis by the Bank of Ireland Group Audit Committee. In addition, the reports of the independent external auditors, PricewaterhouseCoopers LLP, which contain details of any material control issues identified from their work as auditors, were reviewed by the Audit Committee.

The company now undertakes very limited activity. Accordingly, the Directors confirm that they have reviewed, in accordance with the Turnbull guidance, the effectiveness of the Company's system of internal control for the year ended 31 March 2009 and it was deemed to be effective.

Remuneration Committee

The Bank of Ireland Group Remuneration committee makes recommendations to the Court of the Bank of Ireland on the formulation of policy on the remuneration of Directors of Bristol & West as Directors and employees of the Bank of Ireland Group. Directors do not participate in any decisions relating to their own remuneration.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State that the financial statements comply with IFRSs as adopted by the European Union
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that, to the best of each Director's knowledge belief: they have complied with the above requirements in preparing the financial statements; the financial statements, prepared in accordance with IFRS's as adopted by the European Union give a true and fair view of the assets, liabilities, financial position of the Company and of the profit of the Company; and the management report contained in the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces, which is disclosed in note 18 to the financial statements.

BRISTOL & WEST PLC

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the members of Bristol & West plc

We have audited the financial statements of Bristol & West plc for the year ended 31 March 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive's Review that is cross referred from the Review of Business and Future Developments section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Chief Executive's Review and Corporate Governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the company's affairs as at 31 March 2009 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
28 July 2009

Notes:

- The maintenance and integrity of the Bristol & West plc's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BRISTOL & WEST PLC

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £m	2008 £m
Continuing operations			
Interest and similar income	4	6.0	10.4
Interest expense and similar charges	4	<u>(2.6)</u>	<u>(4.5)</u>
Net interest income		3.4	5.9
Other operating expenses	5	<u>(0.1)</u>	<u>(0.3)</u>
Profit before taxation from continuing operations		3.3	5.6
Taxation	8	<u>(1.7)</u>	<u>(3.0)</u>
Profit for the year from continuing operations		1.6	2.6
Discontinued operations			
Post-tax results for the year from discontinued operations*	3,7	<u>-</u>	<u>10.2</u>
Profit for the financial year	17	<u>1.6</u>	<u>12.8</u>

*This includes the results for the transferred business up until its disposal on 1 October 2007 (see Note 7).

The notes on pages 15 to 45 are an integral part of these financial statements.

BRISTOL & WEST PLC
BALANCE SHEET AS AT 31 MARCH 2009

	Note	2009 £m	2008 £m
ASSETS			
Loans and advances to banks	9	126.5	129.3
Deferred income tax asset	10	0.1	0.1
Other assets	11	1.4	1.4
TOTAL ASSETS		<u>128.0</u>	<u>130.8</u>
LIABILITIES			
Other liabilities	13	2.9	2.8
Provisions	14	0.6	0.7
Current income tax liabilities		10.3	7.7
Other borrowed funds	12	32.6	32.6
TOTAL LIABILITIES		<u>46.4</u>	<u>43.8</u>
EQUITY			
Share capital	16	0.1	0.1
Retained earnings	17	81.5	86.9
TOTAL EQUITY	17	<u>81.6</u>	<u>87.0</u>
TOTAL EQUITY AND LIABILITIES		<u>128.0</u>	<u>130.8</u>

The notes on pages 15 to 45 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 28 July 2009 and signed on its behalf by:

Kieran Coleman
Director

BRISTOL & WEST PLC

STATEMENT OF RECOGNISED INCOME AND EXPENSE AT 31 MARCH 2009

There are no movements to be recognised through the Statement of Recognised Income and Expense in 2009 other than those recognised through the Income Statement.

	Note	Profit and loss account £m	Other reserves £m	Total £m
For the year ended 31 March 2008				
Profit for the financial year		12.8	-	12.8
Actuarial valuation of pension fund net of tax	15	6.0	-	6.0
Transfer of reserve following sale of property		1.0	(1.0)	-
Total recognised income / (expense)		<u>19.8</u>	<u>(1.0)</u>	<u>18.8</u>

The table above includes the results for the transferred business up until its disposal on 1 October 2007 (see Note 7).

The notes on pages 15 to 45 are an integral part of these financial statements.

BRISTOL & WEST PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £m	2008 £m
Net cash flow from operating activities			
Profit before tax			
- continuing operations		3.3	5.6
- discontinued operations	7	-	20.0
		<u>3.3</u>	<u>25.6</u>
Adjusted for (all discontinued)			
Depreciation and amortisation		-	3.2
Impairment losses on loans and advances to customers		-	0.1
Profit on disposal of intangible assets and property, plant and equipment		-	(3.4)
Interest expense: subordinated liabilities		-	21.2
Release of swap monetisation deferred income on corporate restructure		-	(12.5)
Other non-cash movements		-	(1.6)
		<u>3.3</u>	<u>32.6</u>
Continuing:			
Changes in operating assets and liabilities			
Loans and advances to banks		5.0	766.2
Provisions		(0.1)	2.0
Other liabilities		0.1	(1.4)
		<u>5.0</u>	<u>766.8</u>
Taxes paid		0.9	(1.9)
Net cash generated from operating activities		<u>5.9</u>	<u>764.9</u>
Cash flows from financing activities			
Equity dividends paid		(7.0)	(395.2)
Reduction and repayment of share capital		-	(306.5)
Cancellation and repayment of share premium		-	(18.5)
Reduction in other borrowed funds		-	(46.0)
Net cash used in financing activities		<u>(7.0)</u>	<u>(766.2)</u>
Discontinued:			
Changes in operating assets and liabilities			
Debt securities		-	121.6
Loans and advances to banks		-	(339.3)
Loans and advances to customers		-	(1,150.6)
Other assets		-	(53.6)
Deposits from other banks		-	772.5
Due to customers		-	327.8
Debt securities in issue		-	-
Other liabilities		-	(538.8)
Provisions		-	(8.0)
		<u>-</u>	<u>(868.4)</u>
Taxes paid		-	6.1
Net cash used in operating activities		<u>-</u>	<u>(862.3)</u>

BRISTOL & WEST PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £m	2008 £m
Cash flows from investing activities			
Net investment in intangible assets and property, plant and equipment		-	4.4
Proceeds from sale of subsidiaries, net of cash and cash equivalents	7	-	591.8
Proceeds from sale of business, net of cash and cash equivalents	7	-	(420.2)
Net cash generated from investing activities		-	176.0
Cash flows from financing activities			
Subordinated debt issue		-	-
Subordinated debt repayment		-	-
Interest on subordinated liabilities		-	(24.9)
Equity dividends received		-	222.3
Capital repayment of finance lease		-	(0.1)
Net cash generated from financing activities		-	197.3
Net increase in			
Continuing cash and cash equivalents		2.2	4.3
Discontinued cash and cash equivalents		-	(462.0)
Opening cash and cash equivalents		8.4	466.1
Closing cash and cash equivalents	21	10.6	8.4

The notes on pages 15 to 45 are an integral part of these financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1.1 Basis of presentation**

Bristol & West plc (the 'Company') is a company incorporated and domiciled in the UK.

The principle accounting policies applied in preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified to include the re-valuation of certain financial instruments and land and buildings.

The accounts are drawn up in GBP millions except where otherwise indicated.

The preparation of the accounts in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. A description of the estimates and judgements is set out in Note 2.

1.2 Foreign currency translation

Foreign currency transactions were translated into sterling at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the income statement except when deferred in equity as qualifying cash flow hedges.

The Company held no foreign currency balances at 31 March 2009.

1.3 Business segments

The Company is outside the scope of IAS 14 Segment Reporting. However, certain information regarding business areas is included in Note 3 in accordance with IAS 14.

1.4 Financial instruments and hedge accounting

Following the corporate restructure on 1 October 2007 referred to in Note 7, the Company did not hold any derivatives.

Prior to this date, derivatives were initially recognised at fair value on the date on which a derivative contract was entered into and were subsequently remeasured at their fair value. Fair values were obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.4 Financial instruments and hedge accounting (continued)**

All derivatives were carried as assets when fair value was positive and as liabilities when fair value was negative. Derivatives were de-recognised when the rights to receive cash flows expired or the Company had transferred substantially all the risks and rewards of ownership and the transfer qualifies for de-recognition.

The best evidence of the fair value of a derivative at initial recognition was the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or based on a valuation technique whose variables include only data from observable markets. When such evidence existed, the Company recognised gains from the date of the transaction.

The method of recognising the resulting fair value gain or loss depended on whether the derivative was designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designated certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or, (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting was used for derivatives designated in this way provided certain criteria were met. At 31 March 2009 and 31 March 2008 the Company did not hold any hedging.

The Company documented, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documented its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions were highly effective in offsetting changes in fair values of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that were designated and qualify as fair value hedges were recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that were attributable to the hedged risk.

If the hedge no longer met the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method was used was amortised to profit or loss over the period to maturity.

(b) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that did not qualify for hedge accounting were recognised immediately in the income statement.

1.5 Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.5 Interest income and expense (continued)**

interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the overall return, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Prior to the transfer of the business of the Company, no credit was taken in respect of interest due, which was deemed irrecoverable on mortgage advances where a property was taken into possession

1.6 Fee and commission income

Following the transfer of its business the Company did not have any fee and commission income.

Fees and commissions which were not an integral part of the effective interest rate, were recognised on an accruals basis when the service had been provided. Loan commitment fees for loans that were likely to be drawn down, were deferred (together with related direct costs) and recognised as an adjustment to the effective yield on the loan.

1.7 Financial assets

Prior to the corporate restructure the Company classified its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. Following the corporate restructure the Company only held financial assets that were designated as loans and receivables. Management determined the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. They arose when the Company provided money, goods or services directly to a debtor with no intention of trading the receivable.

Purchases and sales of financial assets at fair value through profit or loss were recognised on trade-date – the date on which the Company committed to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers.

Financial assets not carried at fair value through the income statement were initially recognised at fair value plus transaction costs.

Financial assets were de-recognised when the rights to receive cash flows from the financial assets expired or where the Company had transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss were carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category were included in the income statement in the period in which they arose.

The fair values of quoted investments in active markets were based on current bid prices. If the market for a financial asset was not active (and for unlisted securities), fair value was established by using valuation techniques. These included the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.8 Impairment of Financial Assets**

The majority of financial assets held by the Company were transferred under the corporate restructure, and those that remain, which relate to deposits placed with other Bank of Ireland Group entities, will continue to be assessed for impairment. The following narrative relates to the financial assets which were transferred.

(a) Assets carried at amortised cost

Financial assets or groups of financial assets were assessed for objective evidence of impairment at each balance sheet date. An impairment loss was recognised if, and only if, there was a loss event (or events) that had occurred after initial recognition and before the balance sheet date and had a reliably measurable impact on the estimated future cash flows of the financial assets or groups of financial assets.

(b) Objective evidence that a financial asset or group of assets was impaired included observable data that came to the attention of the management about the following loss events:

- (i) significant financial difficulty of the issuer or obligor;
 - (ii) a breach of contract, such as a default or delinquency in interest or principal payments;
 - (iii) the granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
 - (iv) it becoming probable that the borrower would enter bankruptcy or other financial reorganisation;
 - (v) the disappearance of an active market for that financial asset because of financial difficulties;
- or
- (vi) observable data indicating that there was a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease could yet be identified with the individual financial assets in the Company, including:
 - adverse changes in the payment status of borrowers in the Company; or
 - national or local economic conditions that correlate with defaults on the assets in the Company

The Company first assessed whether objective evidence of impairment existed individually for financial assets that were individually significant, and individually or collectively for financial assets that were not individually significant. If the Company determined that no objective evidence of impairment existed for an individually assessed financial asset, whether significant or not, it included the asset in a group of financial assets with similar credit risk characteristics and collectively assessed them for impairment. Assets that were individually assessed for impairment and for which an impairment loss was or continued to be recognised were not included in a collective assessment of impairment.

If there was objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost had been incurred, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account and the amount of the loss was recognised in the income statement. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Company may have measured impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflected the cash flows that may have resulted from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure was probable.

For the purposes of a collective evaluation of impairment, financial assets were grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considered asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics were relevant to the estimation of future cash flows for groups of such assets by being

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.8 Impairment of Financial Assets (continued)**

indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that were collectively evaluated for impairment were estimated on the basis of the contractual cash flows of the assets in the Company and historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience was adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience was based and to remove the effects of conditions in the historical period that did not exist at that time.

Estimates of changes in future cash flows for groups of assets needed to reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows were reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a loan was uncollectable, it was written off against the related provision for loan-impairment. Such loans were written off after all the necessary procedures had been completed and the amount of the loss had been determined. Subsequent recoveries of amounts previously written off decreased the amount of the provision charged for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss was reversed by adjusting the allowance account. The amount of the reversal was recognised in the income statement.

1.9 Property, plant and equipment

Following the corporate restructure the Company did not hold any property plant and equipment. Prior to this date the Company initially recognised freehold land and buildings at cost, and subsequently revalued them annually at open market value.

All other property, plant and equipment, including freehold and leasehold adaptations, was stated at historical cost less accumulated depreciation. Historical cost included expenditure that was directly attributable to the acquisition of the items. Subsequent costs were included in the asset's carrying amount or were recognised as a separate asset, as appropriate, only when it was probable that future economic benefits associated with the item would flow to the Company and the cost of the item would be measured reliably. All other repairs and maintenance were charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on the revaluation of land and buildings were credited to revaluation reserves in shareholders' equity, unless the increase represented a reversal of a previous revaluation decrease of the same asset which was recognised as an expense, in which case the increase was recognised in the income statement to the extent of the previously recognised decrease. Decreases that offset previous increases on the same asset were charged against property revaluation reserve; all other decreases were charged to the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.9 Property, plant and equipment (continued)**

Depreciation was calculated on the straight line method to write down the carrying value of assets to their residual values over their estimated useful lives as follows:

Adaptation works on freehold and leasehold property - 15 years, or the remaining period of the lease

Computer and other equipment - Maximum of ten years

The following useful lives were determined for the intangible assets acquired during the year:

Computer software - 5 years.

The Directors considered that residual values of freehold and long leasehold property based on prices at the balance sheet date are such that depreciation was not material.

The assets' residual values and useful lives were reviewed, and adjusted if appropriate, at each balance sheet date. Property, plant and equipment were reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount might not be recoverable. An asset's carrying amount was written down immediately to its recoverable amount if the asset's carrying amount was greater than its estimated recoverable amount. The recoverable amount was the higher of the asset's fair value less costs to sell or value in use.

Gains and losses on disposal of property and equipment were determined by reference to their carrying amount and are taken into account in determining operating profit.

When revalued assets were sold, the amounts included in other reserves were transferred to retained earnings.

1.10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise loans and advances to banks.

1.11 Provisions

Provisions are recognised by the Company when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.12 Employee benefits

As mentioned in the Directors' Report as part of the corporate restructure all contracts of employment held by the Company were amended to reflect a change of employer to The Governor and Company of Bank of Ireland. Consequently from 1 October 2007 the Company did not provide any employee benefits.

(a) Pension obligations

Prior to the corporate restructure the Company operated three pension schemes for its employees; one defined benefit scheme and two defined contribution schemes. The schemes which were transferred to The Governor and Company of Bank of Ireland, were funded and the assets of the schemes were held in separate trustee administered funds. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The defined contribution plans were pension plans under which the Company paid fixed contributions into

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.12 Employee benefits (continued)**

separate entities (funds) and which had no legal or constructive obligations relating to employee service in the period to the restructure and prior periods.

The liability recognised in the balance sheet in respect of defined benefit pension plans was the present value of the defined benefit obligation at that date minus the fair value of plan assets, together with adjustments for unrecognised past service cost. The defined benefit obligation was calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation was determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that were denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions were charged or credited directly to reserves through the Statement of Recognised Income and Expense. Past service costs were recognised immediately in income, unless the changes to the pension plan were conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs were amortised on a straight line basis over the vesting period.

For defined contribution plans, once the contributions were paid, the Company had no further payment obligations. The contributions were recognised as an employee benefit expense when they were due. Prepaid contributions were recognised as an asset to the extent that a cash refund or a reduction in the future payments was available.

(b) Equity compensation benefits

Prior to the corporate restructure the Company's employees were able to participate in the Bank of Ireland share based payment schemes. The fair value of the employee services received in exchange for the grant of options or shares was recognised as an expense as recharged from the Bank of Ireland Group to the Company. The total amount to be expensed over the vesting period was determined by reference to the fair value of the options or shares granted, at grant date, excluding the impact of any non-market vesting conditions (for example, growth in EPS). Non-market vesting conditions were included in assumptions about the number of options or shares that are expected to vest. At each balance sheet date, the Bank of Ireland Group revised its estimate of the number of options or shares that were expected to vest. Bank of Ireland Group recognised the impact of the revision of the original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

1.13 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Prior to the corporate restructure the principal temporary differences arose from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities including derivative contracts, provisions for pensions and other post-retirement benefits and tax losses carried forward. However, the deferred income tax was not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.13 Deferred income tax (continued)**

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the difference will not reverse in the foreseeable future.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

1.14 Financial liabilities

Following the corporate restructure the Company ceased to hold any financial liabilities from that date other than those relating to preference shares.

Preference shares, which carry a mandatory coupon, are classified as financial liabilities. The dividends on these preference shares are recognised in the income statement as interest expense using the effective interest method.

Prior to the restructure the Company initially recognised financial liabilities at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities were subsequently measured at either amortised cost or fair value through profit and loss. For liabilities subsequently carried at amortised cost, any difference between the proceeds net of transaction costs and the redemption value was recognised in the income statement using the effective interest method.

In certain instances the Company elected to record financial liabilities at fair value in order to reduce the effect of valuation mismatches between the liability and the related economic hedge derivative. The basis of measurement of fair value was determined with reference to market rates.

Where financial liabilities were in a hedging relationship with a derivative which qualifies for hedge accounting the policy set out in note 1.4 was adopted.

Issue expenses incurred in connection with the issue of subordinated debt were deducted from the proceeds of the issue and amortised to the income statement.

1.15 Share capital

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in equity in the period in which they are paid.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.16 Impact of new accounting standards**

The following standards / amendments to standards have been adopted by the Company during the year ended 31 March 2009:

Amendments to IAS 39 — Financial instruments: Recognition and measurement and IFRS 7 — Financial Instruments: Disclosures — Reclassification of financial assets. The IAS 39 amendment allows the reclassification of certain financial assets previously classified as ‘held for trading’ or ‘available for sale’ to another category under limited circumstances. The amendment to IFRS 7 requires various disclosures where a reclassification has been made. These did not have any impact on the Group.

Both of the above amendments are effective from 1 July 2008, with reclassifications made on or after 1 November 2008 taking effect prospectively from the date of the reclassification.

Forthcoming accounting standards have been reviewed and no significant impact is anticipated for the Company.

1.17 Dividend income policy

Dividend income is recognised in the period in which it is received or when the company’s right to receive payment is established.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**(a) Impairment losses on loans and advances**

In determining whether an impairment loss should be recorded in the Income Statement, the Company made judgements as to whether there is any observable data indicating that there was a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease could be identified with an individual loan in that portfolio. This evidence may have included observable data indicating that there had been an adverse change in the payment status of borrowers in a group or national or local economic conditions that correlated with defaults on assets in the group. Management used estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio, when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows were reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Fair value of derivatives

The fair value of financial instruments that were not quoted in active markets were determined by using valuation techniques. Where valuation techniques (e.g. models) were used to determine fair values, they were validated and periodically reviewed by qualified personnel independent of the area that created them. All models were certified before they were used and models were calibrated to ensure that outputs reflected actual data and comparative market prices. To the extent practical, models used only observable data. However areas, such as credit risk (both own and counterparty), volatilities and correlations, required management to make estimates. Changes in assumptions about these factors affected reported fair value of financial instruments.

(c) Provisions

When it was probable that a liability had been incurred judgements and estimates are required to make a reasonable estimate of the amount of the loss, for example in the case of endowment mis-selling provisions. Such liabilities were often resolved over long time periods. Estimating probable losses required analysis of multiple forecasts that often depended on judgments about potential actions by third parties.

(d) Pensions

The present value of the pensions obligations was dependent upon an actuarial calculation which included a number of assumptions. These assumptions included the discount rate which is used to determine the present value of the estimated future cash flows that will be required to meet the pension obligation. In determining the appropriate discount rate to use, the Company considered market yields of high quality corporate bond denominated in sterling that had terms to maturity approximating the terms of the pension liability.

(e) Income taxes

Significant judgement is required in determining the Company's income tax liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain and where calculations have been based on management's assessment of legal and professional advice, case law and other relevant guidance. In these situations, the various risks are categorised and approximate weightings applied in arriving at the assessment of the expected liability. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax amounts in the period in which such determination is made.

3 BUSINESS SEGMENTS

Until the completion of the corporate restructure referred to in Note 7 the Company had two principal business areas, Mortgages and Consumer. The Consumer business comprised customer deposits and Guaranteed Equity Bond Savings deposits.

At 31 March 2009	Mortgages	Consumer	Divisional Centre	Total
	£m	£m	£m	£m
Continuing operations				
Revenue	-	-	3.4	3.4
Area result	-	-	3.3	3.3
Profit before tax	-	-	3.3	3.3
Taxation	-	-	(1.7)	(1.7)
Profit for the financial year	-	-	1.6	1.6
	<hr/>	<hr/>	<hr/>	<hr/>
Assets	-	-	128.0	128.0
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities	-	-	46.4	46.4
	<hr/>	<hr/>	<hr/>	<hr/>

In the current financial year, revenue comprised net income from interest earned on intra-group deposits and interest paid to preference shareholders. In the prior year, prior to the completion of the corporate restructure revenue comprised the net income from interest, fees, commissions, trading income and other operating income and was generated from lending and deposit-taking business with external retail customers and the related financial assets and liabilities.

Recharges from Divisional Centre to other business areas are made at cost on a consistent basis year on year.

There were no discontinued operations or other items in the financial year to 31 March 2009.

BRISTOL & WEST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 BUSINESS SEGMENTS (continued)

At 31 March 2008	Mortgages	Consumer	Divisional Centre	Total
	£m	£m	£m	£m
Continuing operations				
Revenue	-	-	5.9	5.9
Area result	-	-	5.6	5.6
Profit before tax	-	-	5.6	5.6
Taxation	-	-	(3.0)	(3.0)
Profit for the financial year	-	-	2.6	2.6
Discontinued operations				
Revenue	42.9	2.9	14.9	60.7
Area result	20.5	2.3	(2.8)	20.0
Profit / (loss) before tax	20.5	2.3	(2.8)	20.0
Taxation	(6.1)	(0.7)	(3.0)	(9.8)
Profit / (loss) for the financial year	14.4	1.6	(5.8)	10.2
Assets	-	-	130.8	130.8
Liabilities	-	-	43.8	43.8
Other items				
Capital expenditure	2.0	-	0.5	2.5
Depreciation	0.3	-	0.6	0.9
Amortisation	1.2	-	1.1	2.3

4 NET INTEREST INCOME

	2009	2008
	£m	£m
Interest Income		
On amounts due from parent company and fellow group undertakings	6.0	10.4
By category		
Loans and receivables	6.0	10.4
Interest Expense		
Other borrowed funds (Preference share dividends)	2.6	4.5
Net Interest Income	3.4	5.9

5 OTHER OPERATING EXPENSES

Other Operating Expenses consist of audit fees in relation to the continuing business of £nil (2008: £0.1m) and other costs of £0.1m (2008: £0.2m).

Auditor's remuneration includes fees in respect of the audit of financial statements of the Company of £nil (2008: £54,290), fees in respect of taxation services of £nil (2008: £nil) and fees in respect of other services of £nil (2008: £32,000).

In the current financial year, audit fees of £34,290 in respect of the Company were borne by the Parent Company.

The Group Audit Committee has reviewed the nature of fees for non-audit services and is satisfied that it has not affected the independence of the auditors.

6 STAFF COSTS

As part of the corporate restructure (see Note 7) on 1 October 2007 the contracts of employment of the Company's employees were transferred to The Governor and Company of Bank of Ireland. Consequently the Company ceased to have any employees from that date.

	2009	2008
	£m	£m
Wages and salaries	-	21.1
Social security costs	-	1.8
Pension costs:		
-Defined contribution schemes	-	0.4
-Defined benefit schemes (Note 15)	-	0.4
Share based payment schemes	-	1.2
	<u>-</u>	<u>24.9</u>

The average number of persons including Directors employed by the Company up to the date of the corporate restructure in year ended 31 March 2008 was 1,038.

7 DISCONTINUED OPERATIONS

	2009	2008
	£m	£m
Result for the period from discontinued operations	<u>-</u>	<u>10.2</u>

Discontinued operations contributed £nil (2008: £20.0m) to pre-tax profit, comprising £nil (2008: £60.7m) to revenue, impairment provision charge of £nil (2008: £0.1m) and expenses of £nil (2008: £40.6m). The taxation relating to discontinued trading operations was £nil (2008: £9.8m).

On 1 October 2007, with the exception of a limited number of non-operational assets and liabilities, the entire business of the Company, referred to within these financial statements as "Discontinued Operations", was transferred to other statutory entities within the Bank of Ireland Group.

The detail of this corporate restructure was as follows:

- a) The business of the Company was transferred to The Governor and Company of Bank of Ireland on 1 October 2007 at its book value. In addition all of the subsidiaries of the Company were transferred to the Company's parent, Bank of Ireland UK Holdings plc, at their historic cost value, generating nil profit or loss for the Company.
- b) In accordance with section 135 of the Companies Act 1985, the Company reduced its issued ordinary share capital from £306.6m to £50,000 and cancelled its share premium of £18.5m and repaid these to Bank of Ireland UK Holdings plc.

BRISTOL & WEST PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)****7 DISCONTINUED OPERATIONS (continued)**

c) Amounts not required to be retained by the continuing business were distributed by way of dividends totalling £325.2m (see Note 19) to Bank of Ireland UK Holdings plc.

	Balance Sheet as at 1 October 2007 £m	Restructuring Transactions			Dividends paid £m	Balance Sheet post restructuring £m
		Effect of transfer of disposal group £m	Capital reduction £m	Other * £m		
ASSETS						
Derivative financial instruments	130.3	(130.3)	-	-	-	-
Loans and advances to banks	7,588.7	(6,767.9)	(372.4)	0.8	(325.2)	124.0
Loans and advances to customers	24,602.9	(24,602.9)	-	-	-	-
Investments in group undertakings	591.8	(591.8)	-	-	-	-
Intangible assets	36.8	(36.8)	-	-	-	-
Property, plant and equipment	5.7	(5.7)	-	-	-	-
Retirement benefit asset	10.6	(10.6)	-	-	-	-
Current tax asset	5.8	-	-	(2.6)	-	3.2
Other assets	106.6	(104.9)	-	(1.7)	-	-
	33,079.2	(32,250.9)	(372.4)	(3.5)	(325.2)	127.2
LIABILITIES						
Deposits from other banks	22,415.6	(22,403.1)	-	(12.5)	-	-
Derivative financial instruments	54.8	(54.8)	-	-	-	-
Due to customers	3,929.7	(3,929.7)	-	-	-	-
Debt securities in issue	(1.3)	1.3	-	-	-	-
Other liabilities	5,400.2	(5,391.1)	(1.4)	(4.9)	-	2.8
Provisions	16.7	(15.9)	-	(0.1)	-	0.7
Deferred tax liabilities	16.5	(16.6)	-	-	-	(0.1)
Subordinated liabilities	441.0	(441.0)	-	-	-	-
Other borrowed funds	78.6	-	(46.0)	-	-	32.6
Total liabilities	32,351.8	(32,250.9)	(47.4)	(17.5)	-	36.0
EQUITY						
Share capital	306.6	-	(306.5)	-	-	0.1
Retained earnings	402.3	-	-	14.0	(325.2)	91.1
Other reserves	18.5	-	(18.5)	-	-	-
Total equity	727.4	-	(325.0)	14.0	(325.2)	91.2
Total equity and liabilities	33,079.2	(32,250.9)	(372.4)	(3.5)	(325.2)	127.2

* Other relates to balances that no longer need to be retained by the Company as a result of the transfer of its business.

7 DISCONTINUED OPERATIONS (continued)**Additional Cash Flow information**

The assets and liabilities of the disposal group were as follows at the date of disposal:

	Total transfer as at 1 October 2007 £m
Derivative financial instruments	130.3
Loans and advances to banks	7,588.7
Loans and advances to customers	24,602.9
Investments in group undertakings	591.8
Intangible assets	36.9
Property, plant and equipment	5.6
Retirement benefit asset	10.6
Other assets	104.9
Deposits from other banks	(22,403.1)
Derivative financial instruments	(54.8)
Due to customers	(3,929.7)
Debt securities in issue	1.3
Other liabilities	(5,391.1)
Provisions	(15.9)
Deferred tax liabilities	(16.6)
Subordinated liabilities	(441.0)
Total value of assets / (liabilities) disposed	820.8
Less: cash and cash equivalents of disposal group	(649.2)
Total value of assets / (liabilities) disposed, net of cash and cash equivalents	171.6
Loss / (profit) on disposal	-
Cash flow from disposal group	171.6

8 TAXATION

	2009 £m	2008 £m
Current income tax		
- Continuing operations	1.7	3.0
- Discontinued operations (Note 7)	-	3.2
	<u>1.7</u>	<u>6.2</u>
Deferred income tax (Note 10)		
- Discontinued operations (Note 7)	-	6.6
	<u>1.7</u>	<u>12.8</u>
Tax on continuing operations	1.7	3.0

BRISTOL & WEST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 TAXATION (continued)

	2009	2008
	£m	£m
Current income tax:		
UK Corporation tax at 28% (2008: 30%)	1.7	(3.9)
Corporation tax adjustments in respect of prior years	-	10.1
	<u>1.7</u>	<u>6.2</u>
Deferred income tax:		
Current year	-	6.8
Adjustments in respect of prior years	-	(0.2)
	<u>-</u>	<u>6.6</u>
	<u>1.7</u>	<u>12.8</u>

Further information about deferred tax is presented in Note 10. The tax on the Company's profit before tax from continuing operations differs from the theoretical amount that would arise using the basic tax rate of the parent as follows:

	2009	2008
	£m	£m
Continuing operations	<u>3.3</u>	<u>5.6</u>
Profit before tax	<u>3.3</u>	<u>5.6</u>
Tax calculated at a rate of 28% (2008: 30%)	0.9	1.7
Expenses not deductible for tax purposes	<u>0.8</u>	<u>1.3</u>
Taxation	<u>1.7</u>	<u>3.0</u>

9 LOANS AND ADVANCES TO BANKS

	2009	2008
	£m	£m
Due from parent company and fellow group undertakings	<u>10.6</u>	<u>8.4</u>
Included in cash equivalents (Note 21)	10.6	8.4
Due from parent company and fellow group undertakings	<u>115.9</u>	<u>120.9</u>
	<u>126.5</u>	<u>129.3</u>

Loans and advances to banks with the remaining period at balance sheet date to the contractual maturity date less than 12 months is £59.6m (2008: £62.4m).

BRISTOL & WEST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2008: 28%).

The movement on the deferred income tax account is as follows:

	2009	2008
	£m	£m
At 1 April	0.1	(7.3)
Income statement charge	-	(6.6)
Deferred tax impact charged/(credited) direct to reserves of:		
Actuarial gains relating to pensions	-	(2.6)
Transfer of business (Note 7)	-	16.6
At 31 March	<u>0.1</u>	<u>0.1</u>

	2009	2008
	£m	£m
Deferred income tax assets		
Other provisions	<u>0.1</u>	<u>0.1</u>

The deferred tax charge in the income statement comprises the following temporary differences:

	2009	2008
	£m	£m
Accelerated tax depreciation	-	(0.2)
Pensions and other post retirement benefits	-	(8.4)
Other provisions	-	2.0
Other temporary differences	<u>-</u>	<u>-</u>
	<u>-</u>	<u>(6.6)</u>
Attributable to		
Discontinued operations (Note 8)	<u>-</u>	<u>(6.6)</u>
	<u>-</u>	<u>(6.6)</u>

Deferred income tax assets are recognised for tax loss carry-forwards only to the extent that realisation of the related tax benefit is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

11 OTHER ASSETS

	2009	2008
	£m	£m
Amounts due from parent company and fellow group undertakings	<u>1.4</u>	<u>1.4</u>

12 OTHER BORROWED FUNDS

	Rate %	2009 £m	2008 £m
Preference shares	8.125	<u>32.6</u>	<u>32.6</u>

As part of the corporate restructure (see Note 7) on 1 October 2007, £46.0m of preference shares were repaid in full together with any dividend accruing, to holders of the shares as at 6 August 2007 under a cash election scheme. There were no further repayments in the year ended 31 March 2009.

As part of the corporate restructure sufficient funds have been retained within the Company to meet future dividend payments as they fall due.

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

Holders of the preference shares are entitled to receive, in priority to the holders of the ordinary shares in the Company, a non-cumulative preference dividend at a fixed rate per annum payable in equal half yearly instalments in arrears on 15 May and 15 November each year. The preference dividend will only be payable to the extent that payment can be made out of profits available for distribution in accordance with the provisions of the Companies Act 1985.

In the event of the winding up of the Company, holders of preference shares will be entitled to receive, out of the surplus assets remaining after payment of the Company's liabilities, an amount equal to the amount paid up or credited as paid up on the preference shares, together with the preference dividend (whether or not declared or earned) which would be payable and is not otherwise paid in cash on a dividend payment date which falls on or after the date of commencement of the winding up but which is payable in respect of a dividend period ending on or before such date; and the proportion (whether or not declared or earned) of the preference dividend that would otherwise be payable and is not otherwise paid in cash in respect of any period that begins before, but ends after, the date of commencement of the winding up and which is attributable to the part of the period that ends on such date.

With respect to the amounts payable or repayable in the event of a winding up of the Company, preference shares will rank equally amongst themselves as regards participation in surplus assets and otherwise in priority to the ordinary shares of the Company. Holders of the preference shares will not otherwise be entitled to any further or other right of participation in the assets of the Company upon a winding up.

Holders of the preference shares will be entitled to receive notice of and to attend any general meeting of the Company if a resolution is proposed varying, altering or abrogating any of the rights, privileges, limitations or restrictions attached to the preference shares or for, or in relation to, the winding up of the Company.

In addition, if the preference dividend has not been paid in full on the dividend payment date immediately preceding the date of notice of any general meeting of the Company, holders of the preference shares will be entitled to receive notice of and attend that general meeting, and to speak and vote on all resolutions proposed at that general meeting.

13 OTHER LIABILITIES

	2009 £m	2008 £m
Accruals and deferred income	1.0	1.0
Other	<u>1.9</u>	<u>1.8</u>
	<u>2.9</u>	<u>2.8</u>

14 PROVISIONS

Other Provisions	Total £m
At 1 April 2008	0.7
Credited to income statement	(0.1)
At 31 March 2009	<u>0.6</u>

15 RETIREMENT BENEFIT OBLIGATIONS

As a result of the corporate restructure in the previous year all employee contracts of employment with the Company were amended to reflect a change of employer to The Governor and Company of Bank of Ireland. Consequently the disclosure provided below is in respect of the prior financial year and is only for the period to 1 October 2007.

Until the corporate restructure the Company operated three pension schemes for its employees, one defined benefit scheme and two defined contribution schemes. With effect from 1 October 2007, the contracts of employment of the Company's employees were transferred to The Governor and Company of Bank of Ireland which became the Principal Employer in relation to these schemes. The Company made a one-off contribution of £22.1m in September 2007 and Bank of Ireland purchased a Stand-by Letter of Credit, providing the Scheme with alternative security to that provided under the Pension Protection Fund which, under a lacuna in current legislation, ceased from 1 October 2007. The Scheme Trustees and Bank of Ireland agreed to review the Stand-by Letter of Credit annually on 31 March.

The pension charge for the year ended 31 March 2009 in respect of the defined benefit scheme was £nil (2008: £0.4m). £nil (2008: £0.1m) of this charge was recovered from other contributing Bank of Ireland companies. The cost of the defined contribution schemes was £nil (2008: £nil). The Company also paid contributions of £nil (2008: £0.1m) and £nil (2008: £0.4m) into Bank of Ireland defined benefit and defined contribution schemes not operated by the Company.

IAS 19 Pension Disclosures:

Financial assumptions (Weighted average)	Year ended 31 March 2009 % pa	Period to 1 October 2007 % pa
Inflation rate	-	3.25
Discount rate	-	5.70
Rate of general increase in salaries	-	4.75
Rate of increase in pensions in payment	-	2.35-3.25
Rate of increase to deferred pensions	-	3.25-3.75

Mortality assumptions

The main mortality assumptions used in estimating the actuarial value of the liabilities below are based on the PMA92/PFA92 (c=2020) tables for actives and deferreds and PMA92/PFA92 (c=2000) for pensioners. These tables have been adjusted to allow for any regional differences (where appropriate).

BRISTOL & WEST PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 RETIREMENT BENEFIT OBLIGATIONS (continued)

The expected long term rates of return and fair value of assets of the defined benefit plans on a combined basis as at 31 March 2009 and 31 March 2008 were nil following the corporate restructure on 1 October 2007.

The following table sets out the components of the defined benefit cost for the years ended 31 March 2009 and 31 March 2008:

Components of pension expenses	2009	2008
	£m	£m
Current service cost	-	1.7
Expected return on pension scheme assets	-	(7.5)
Interest on pension scheme liabilities	-	6.2
Cost of providing defined retirement benefits	-	0.4
Actual return on scheme assets	2009	2008
	£m	£m
Expected return on scheme assets	-	7.5
Experience (loss) / gain on scheme assets	-	(0.7)
Actual return on scheme assets	-	6.8
Reconciliation of defined benefit obligations during the year	2009	2008
	£m	£m
Defined benefit obligation at beginning of year	-	237.2
Current service cost	-	1.7
Actual member contributions	-	0.5
Interest cost	-	6.2
Actuarial gain	-	(9.3)
Benefits paid	-	(3.6)
Transfer of benefit obligation to Bank of Ireland Group (Note 7)	-	(232.7)
Defined benefit obligation at end of year	-	-
Reconciliation of the fair value of scheme assets during the year	2009	2008
	£m	£m
Fair value of scheme assets at beginning of year	-	211.2
Expected return on assets	-	7.5
Actual member contributions	-	0.5
Actuarial (loss) / gain	-	(0.7)
Contributions by employer		
Planned at start of the year	-	6.2
Additional to remove deficit	-	22.1
As benefits	-	0.1
Benefits paid	-	(3.6)
Transfer of scheme assets to Bank of Ireland Group (Note 7)	-	(243.3)
	-	-

15 RETIREMENT BENEFIT OBLIGATIONS (continued)

Analysis of the amount recognised in Statement of Recognised Income and Expense (SORIE)

	2009 £m	2008 £m
Experience (loss) / gain on scheme assets	-	(0.7)
Experience gain on scheme liabilities	-	-
Actuarial gain on change of assumptions (financial and demographic)	-	9.3
Total gains recognised in SORIE during the year (inclusive of tax £nil (2008: £2.6m))	-	8.6

Cumulative amount of gains recognised in SORIE to the end of year	-	8.9
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History of experience gains and losses	2009 £m	2008 £m
Experience (loss) / gain on scheme assets:		
Amount	-	(0.7)
Percentage of scheme assets	-	-
Experience gain on scheme liabilities:		
Amount	-	-
Percentage of scheme assets	-	-
Total actuarial (loss) / gain recognised in SORIE:		
Amount	-	(0.7)
Percentage of scheme liabilities	-	-

Defined benefit pension plans	2009 £m	2008 £m
Present value of funded and unfunded obligations	-	-
Scheme assets	-	-
Deficit within schemes	-	-

16 SHARE CAPITAL

	2009 £m	2008 £m
Authorised		
86,857,500 units of ordinary shares of £0.50 each (2008: 86,857,500 units of ordinary shares of £0.50 each)	43.4	43.4
Allotted and fully paid		
100,000 units of ordinary shares of £0.50 each (2008: 100,000 units of ordinary shares of £0.50 each)	0.1	0.1

All units of ordinary shares in issue carry the same voting rights.

As part of the corporate restructure referred to in the Directors' report and explained in Note 7, on 1 October 2007 and in accordance with Section 135 of the Companies Act 1985 the Company reduced its authorised ordinary share capital from £350.0m to £43.4m, and reduced its issued ordinary share capital from £306.6m to £50,000 and repaid this to its parent company, Bank of Ireland UK Holdings plc.

BRISTOL & WEST PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)****17 NOTES OF CHANGES IN EQUITY**

YEAR ENDED 31 MARCH 2009	Share Capital	Share premium	Revaluation reserve	Profit and loss account	Total
Company	£m	£m	£m	£m	£m
Actuarial valuation of pension fund	-	-	-	-	-
Deferred tax on valuation of pension fund	-	-	-	-	-
Transfer of reserve following sale of property	-	-	-	-	-
Profit for the year	-	-	-	1.6	1.6
Recognised income and expense for the year	-	-	-	1.6	1.6
Dividend received on ordinary shares	-	-	-	-	-
Dividend paid on ordinary shares (Note 19)	-	-	-	(7.0)	(7.0)
Cancellation and repayment of share premium	-	-	-	-	-
Capital reduction and repayment of equity shares (Note 16)	-	-	-	-	-
Total recognised changes in equity	-	-	-	(5.4)	(5.4)
At 31 March 2008	0.1	-	-	86.9	87.0
At 31 March 2009	0.1	-	-	81.5	81.6

YEAR ENDED 31 MARCH 2008	Share Capital	Share premium	Revaluation reserve	Profit and loss account	Total
Company	£m	£m	£m	£m	£m
Actuarial valuation of pension fund	-	-	-	8.6	8.6
Deferred tax on valuation of pension fund	-	-	-	(2.6)	(2.6)
Transfer of reserve following sale of property	-	-	(1.0)	1.0	-
Profit for the year	-	-	-	12.8	12.8
Recognised income and expense for the year	-	-	(1.0)	19.8	18.8
Dividend received on ordinary shares	-	-	-	222.3	222.3
Dividend paid on ordinary shares (Note 19)	-	-	-	(395.2)	(395.2)
Cancellation and repayment of share premium	-	(18.5)	-	-	(18.5)
Capital reduction and repayment of equity shares (Note 16)	(306.5)	-	-	-	(306.5)
Total recognised changes in equity	(306.5)	(18.5)	(1.0)	(153.1)	(479.1)
At 31 March 2007	306.6	18.5	1.0	240.0	566.1
At 31 March 2008	0.1	-	-	86.9	87.0

Share premium

This comprises the premium arising on the issue of all equity shares.

On 1 October 2007, in accordance with Section 135 of the Companies Act 1985, the Company cancelled its share premium and repaid it to its parent company, Bank of Ireland UK Holdings plc.

Revaluation reserve

This comprises the revaluation of property to market value. As part of the corporate restructure referred to in Note 7, the remaining balance on the revaluation reserve was transferred to other statutory entities within the Bank of Ireland Group following the transfer of the property to which it related.

Profit and loss account

Profit and loss account reserves comprise accumulated retained profits.

18 FINANCIAL RISK MANAGEMENT

As a consequence of the corporate restructure referred to in the Directors report and in more detail in Note 7, financial risk associated with the Company significantly reduced following the transfer of its business on 1 October 2007 to The Governor and Company of Bank of Ireland and other Bank of Ireland Group entities.

The table below shows the carrying amount of financial assets and liabilities by balance sheet heading and by category.

At 31 March 2009

	Loans and receivables £m	Held at amortised cost £m	Total £m
Financial assets			
Loans and advances to banks	126.5	-	126.5
Financial liabilities			
Other borrowed funds	-	32.6	32.6

At 31 March 2008

	Loans and receivables £m	Held at amortised cost £m	Total £m
Financial assets			
Loans and advances to banks	129.3	-	129.3
Financial liabilities			
Other borrowed funds	-	32.6	32.6

The Company's financial instruments comprise amounts on deposit with the parent entity and preference shares issued to external parties.

The main risks arising from the Company's financial instruments are outlined below

Credit Risk

Credit risk reflects the risk that a counter-party will be unable to meet its contractual obligations to the Company in respect of loans or other financial transactions thereby causing the Company to incur a loss.

The Company's exposure to credit risk has significantly reduced as a result of the corporate restructure carried out on 1 October 2007. The financial assets remaining in the Company comprise amounts placed on deposit with other Bank of Ireland Group entities. As a result, the Company has ceased to incur credit risk from external lending activities.

International Accounting Standard (IAS 39) requires that an incurred loss approach be taken to impairment provisioning.

All credit exposures are regularly reviewed for objective evidence of impairment; where such evidence of impairment exists, the exposure is measured for an impairment provision. As at 31 March 2009 and 31 March 2008, the only exposure the Company had to credit risk was on loans to other Bank of Ireland Group entities and no exposure existed on loans to customers at those dates.

18 FINANCIAL RISK MANAGEMENT (continued)**Loans and Advances Renegotiated that would otherwise be past due or impaired**

Loans and advances to customers were only renegotiated for commercial purposes, where there was evidence of the continuing ability of the client to meet payment obligations. Renegotiation of facilities that would otherwise be past due or impaired in the financial year was not a standard practice. No significant renegotiations have taken place in either the current or preceding year.

Maximum Exposure to credit risk before collateral held or other credit enhancements

	2009	2008
	£m	£m
Loans and advances to banks	126.5	129.3
Loans and advances to customers	-	-
Committed loan facilities (off balance sheet)	-	-
Total	<u>126.5</u>	<u>129.3</u>

The above table represents a worst case scenario of credit risk exposure to the Company, without taking account of any collateral held or other credit enhancements attached. Loans and advances to banks relate to Bank of Ireland Group entities.

Loans and Advances

Loans and advances to banks (Note 9) are the main classes of financial assets that the Company is exposed to from a credit risk perspective. The tables below provide further details in relation to loans and advances.

Loans and advances to Banks

	2009	2008
	£m	£m
Neither past due nor impaired	126.5	129.3
Past due	-	-
Impaired	-	-
Total	<u>126.5</u>	<u>129.3</u>

Included within interest income is £nil (2008: £2.1m) in respect of impaired loans and advances to customers.

The total gross amount of impaired loans and advances to banks as at 31 March 2009 was £nil (2008: £nil). All loans and advances to banks are with Group entities of The Governor and Company of Bank of Ireland.

18 FINANCIAL RISK MANAGEMENT (continued)

Repossessed Collateral

The Company took possession of no collateral held as security during the year (2008: Nil)

Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The Company's credit exposure was entirely within the UK.

Industry sectors

	2009	2008
	£m	£m
Loans and Advances to Banks		
- Financial Institutions	126.5	129.3
Total	<u>126.5</u>	<u>129.3</u>

Liquidity Risk

Liquidity risk is the risk that a credit institution will experience difficulty in financing its assets and meeting its contractual payment obligations, or will only be able to do so at substantially above the prevailing market cost of funds. Liquidity distress is almost invariably associated with a severe deterioration in financial performance or from unexpected adverse events or systemic difficulties.

It is Company policy to ensure that resources are available during all reasonably foreseeable circumstances to meet its obligations. The Company holds interest-bearing cash deposits to meet its liabilities as they fall due, including the payment of preference share dividends.

The table below analyses liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the undiscounted contractual maturity date. In line with the requirements of IFRS 7, the liabilities table below shows principal balances and undiscounted interest cashflows over the life of the liabilities. It excludes non cash items such as fair value adjustments. Eliminating these adjustments would result in agreement with the balance sheet on page 11. Where subordinated loan funding is undated projected interest flows have only been included for one year.

At 31 March 2009

Liabilities	Demand	Within	After 3	After	After 5	Undated	Total
	£m	months	but	but	£m	£m	£m
		£m	within	within			
			1 year	5 years			
			£m	£m			
Other borrowed funds	-	1.3	1.3	-	-	32.6	35.2
Total liabilities	<u>-</u>	<u>1.3</u>	<u>1.3</u>	<u>-</u>	<u>-</u>	<u>32.6</u>	<u>35.2</u>

18 FINANCIAL RISK MANAGEMENT (continued)

At 31 March 2008

Liabilities	Demand £m	Within 3 months £m	After 3 months but within 1 year £m	After 1 year but within 5 years £m	After 5 years £m	Undated £m	Total £m
Other borrowed funds	-	1.3	1.3	-	-	32.6	35.2
Total liabilities	-	1.3	1.3	-	-	32.6	35.2

Market Risk

Market risk is the potential adverse change in Company income or the value of the Company net worth resulting from movements in interest rates or other market prices and arose from the structure of the balance sheet. Following the corporate restructure on 1 October 2007 the Company's exposure to market risk is insignificant.

All assets and liabilities held by the Company at 31 March 2009 and 31 March 2008 were denominated in sterling.

Operational Risk

Operational risk is the risk that human error, systems failure, and inadequate controls and procedures will result in unexpected loss. Following the corporate restructure on 1 October 2007 the remaining operational risk exposure in the Company is insignificant. The Company's approach to managing operational risk is governed by the Bank of Ireland Group's Operational Risk Policies as outlined in the Bank of Ireland Group Annual Report on page 64.

Capital Management

The following table sets out the Company's capital resources:

	2009 £m	2008 £m
Equity	81.6	87.0
Preference shares (Note 12)	32.6	32.6
Total capital resources	114.2	119.6

18 FINANCIAL RISK MANAGEMENT (continued)**Fair values of Financial Assets and Liabilities**

The Company's accounting policies for Financial Instruments are set out at Note 1.5 'Accounting Policies'.

The following table represents the fair value and carrying value of financial assets and liabilities:

	2009		2008	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial assets				
Loans and advances to banks	(1) 126.5	147.4	129.3	127.4
Total	<u>126.5</u>	<u>147.4</u>	<u>129.3</u>	<u>127.4</u>
	2009		2008	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial liabilities				
Other borrowed funds	(2) 32.6	14.2	32.6	34.7
Total	<u>32.6</u>	<u>14.2</u>	<u>32.6</u>	<u>34.7</u>

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

(1) Loans and Advances to Banks

This includes inter-bank placements and items in the course of collection. The fair value of floating rate placements and overnight deposits is estimated to be not materially different from its carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates.

(2) Other Borrowed Funds

The fair value of other borrowed funds, which consist entirely of Preference Shares, was calculated using quoted market prices.

19 DIVIDENDS

	2009 £m	2008 £m
Equity shares		
On units of £0.50 ordinary shares in issue:		
Interim dividend £70.00 (2008: £11.44)	7.0	70.0
Interim dividends paid after the reduction in issued share capital £nil (2008: £3,252)	-	325.2
	<u>7.0</u>	<u>395.2</u>

20 RELATED-PARTY TRANSACTIONS

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which for the Company is the Divisional Executive Committee of Bristol & West plc together with its executive directors and non-executive directors.

The table below details, on an aggregated basis, key management personnel compensation. This contains compensation up to and including 1 October 2007. After this date, directors and key management personnel of the Company ceased to be paid by the Company.

	Directors and key management personnel	
	2009 £m	2008 £m
Staff costs		
Salaries and other short-term benefits	-	1.5
Post-employment benefits	-	0.1
Termination benefits	-	-
Share based payments	-	0.3
Total	<u>-</u>	<u>1.9</u>

The tables below detail, on an aggregated basis, balances outstanding at the end of the year and related income and expense, together with information relating to other transactions between the Company and its key management personnel.

	Directors and key management personnel	
	2009 £m	2008 £m
Assets		
At the beginning of the year	-	0.7
Net amount advanced	-	(0.3)
Transfer of business	-	(0.4)
At the end of the year	<u>-</u>	<u>-</u>
Interest income	<u>-</u>	<u>-</u>

Assets comprise loans and advances to banks (Note 9) and other assets (Note 11).

	Parent		Fellow Group Undertakings		Subsidiaries	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Assets						
At the beginning of the year	130.7	7,986.9	-	1.3	-	6,804.1
Net amount advanced	(2.8)	(201.4)	-	(0.2)	-	544.7
Transfers	-	(7,654.8)	-	(1.1)	-	(7,348.8)
At the end of the year	<u>127.9</u>	<u>130.7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest income	<u>6.0</u>	<u>215.9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182.2</u>

20 RELATED-PARTY TRANSACTIONS (continued)

Liabilities comprised deposits from other banks), subordinated liabilities, other liabilities (Note 13) and derivatives (Note 18).

	Parent		Fellow group undertakings	
	2009 £m	2008 £m	2009 £m	2008 £m
Liabilities				
At the beginning of the year	-	22,055.7	-	117.2
Net amount advanced / (repaid)	-	929.8	-	(5.9)
Transfer of business	-	(22,988.5)	-	(111.3)
At the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest expense	<u>-</u>	<u>567.2</u>	<u>-</u>	<u>1.9</u>
Net trading income receivable from parent or ultimate parent company	<u>-</u>	<u>6.3</u>	<u>-</u>	<u>(1.4)</u>

	Subsidiaries	
	2009 £m	2008 £m
Liabilities		
At the beginning of the year	-	5,573.3
Net amount (repaid) / advanced	-	(654.7)
Transfers	-	(4,918.6)
At the end of the year	<u>-</u>	<u>-</u>
Interest expense	<u>-</u>	<u>159.2</u>
Net trading income receivable from parent or ultimate parent company	<u>-</u>	<u>-</u>

Included within these liabilities are loans on both a secured and unsecured basis and are expected to be settled in cash.

These loans are made on substantially the same criteria and terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavourable features.

No provisions have been recognised in respect of loans given to key management personnel (2008: £nil).

Directors emoluments are set out in Note 22.

As a result of the corporate restructure (see Note 7), staff employed and associated costs were transferred to other statutory entities within the Bank of Ireland Group.

21 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	2009 £m	2008 £m
Loans and advances to banks (Note 9)	<u>10.6</u>	<u>8.4</u>

Following the corporate restructure (see Note 7) the remaining loans and advances to banks have been made by the Company to ensure that it is in a position to meet its liabilities as they fall due, including future dividends to preference shareholders.

22 DIRECTORS EMOLUMENTS

The aggregate amount of emoluments paid to the Directors for the year ended 31 March 2009 is:

	2009 £000	2008 £000
Aggregate emoluments	<u>-</u>	<u>832</u>

The aggregate amount of consideration paid to or receivable by third parties for making available the services of a person as a Director included above was £nil (2008: £382,062).

The total remuneration of the highest paid Director was £nil (2008: £422,880). The amount of the highest paid Director's accrued pension at March 2009 was £nil (2008: £186,515) per annum and shares in Bank of Ireland were also received under a long-term incentive scheme.

No directors exercised share options during the year (2008: three). A total of nil (2008: three) Directors received Bank of Ireland shares under a long-term incentive scheme.

Retirement benefits are accruing to nil (2008: four) Directors under defined benefit schemes at year-end.

No compensation for loss of office in respect of former Directors was paid by the Company during the year (2008: £nil), and no excess retirement benefits in respect of Directors and former Directors were paid during the year (2008: £nil).

23 ULTIMATE PARENT COMPANY

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

These financial statements are included in the consolidated accounts of both the above entities.

A copy of the Group accounts for The Governor and Company of Bank of Ireland may be obtained from Bank of Ireland, Lower Baggot Street, Dublin 2.

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Bristol & West plc was authorised and regulated by the Financial Services Authority (FSA). As part of the corporate restructure on 1 October 2007 (see Note 7) Bristol & West plc ceased to be an authorised entity. The Company also relinquished its Banking Licence from that date.