Bristol & West plc

Annual Report for the year ended 31 December 2019

REGISTERED NUMBER 2124201

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DIRECTORS AND OTHER INFORMATION

Directors

Desmond E Crowley	(Resigned 18 October 2019)
Thomas McAreavey	
Andrew G Keating	(Resigned 03 April 2019)
Lorraine Smyth	(Appointed 08 April 2019)
Alan McNamara	(Appointed 08 April 2019)
Ian McLaughlin	(Appointed 02 December 2019)

Secretary
Hill Wilson Secretarial Limited

Registered Office
One Temple Back East
Temple Quay
Bristol
BS1 6DX

Registered Number
2124201

Independent Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

The Directors present the Strategic Report of Bristol & West plc (the 'Company' or 'B&W plc') for the year ended 31 December 2019.

Purpose
The Strategic Report is a statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to be fair and balanced and to provide information that enables the Directors to be satisfied that they have complied with Section 172 of the Companies Act 2006 (which sets out the Directors' duty to promote the success of the Company).

Principal Activities
The Company is a wholly owned subsidiary of Bank of Ireland UK Holdings (the 'Parent'). The Ultimate Parent of the Company is Bank of Ireland Group plc (the 'Ultimate Parent'). On 1 October 2007, the business of the Company, to provide lending and savings products via various distribution channels, was transferred to other legal entities within the Bank of Ireland Group (the 'BoI Group').

The activity of the Company now is to hold interest-bearing cash deposits with entities within the BoI Group, in order to meet its liabilities, principally the payment of future preference share dividends. These preference shares are listed on the London Stock Exchange.

Review of Business
The key performance indicator applied by management regarding the activity of the Company is to ensure that sufficient interest income is generated to meet the cost of the preference share dividends as they fall due.

The key performance measures are outlined below:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest income calculated using the effective interest method	3,939	3,828
Interest expense calculated using the effective interest method	(2,328)	(2,479)
	1,611	1,349
Net impairment gain	-	98
Profit before taxation	2,406	1,447
Loans and advances to banks	113,826	113,521
Preference shares	(32,593)	(32,593)
Amounts due to Parent	(70,000)	(70,000)

For the year ended 31 December 2019 the Company made a profit before tax of £2,406,000 (31 December 2018: £1,447,000) which after a taxation charge of £747,000 (year ended 31 December 2018: £744,000 charge) resulted in a profit for the year of £1,659,000 (year ended 31 December 2018: Profit of £703,000). The Statement of Comprehensive Income for the year is on page 15.

Risk Management
The Company's activity exposes it to financial risks that include changes in general market conditions, credit risk, liquidity risk and interest rate risk. The Directors monitor and manage these risks in a manner appropriate to the nature of the risk and the potential threat to the Company.

Credit Risk

Credit risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Company in respect of loans or other financial transactions. The financial assets of the Company comprise primarily amounts placed on deposit with Governor and Company of the Bank of Ireland. There are also other amounts due from B&W plc's immediate Parent Bank of Ireland UK Holdings. There is no significant credit risk exposure outside the BoI Group. The Directors monitor the ability of the BoI Group to meet its obligations. Credit exposure arising from loans and advances to banks relate to amounts placed with BoI Group. Credit ratings are set out as follows:

Rating Agency 31 December 2019	Bank of Ireland Group Plc	Governor and Company of the Bank of Ireland
Moody's	Baa2	A2
Standard and Poor's	BBB-	A-

Liquidity Risk

Liquidity risk is the risk that the company 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. It is the policy of the Company to ensure that resources are available during all reasonably foreseeable circumstances to meet its obligations. The Company lends cash to Governor and Company of the Bank of Ireland ('the Bank') at fixed interest rates to meet its liabilities as they fall due, including the payment of preference share dividends. The Company is dependent on the ongoing support of the Parent, which has provided interest free funding to enable the Company to place sufficient deposits with the Bank such that the interest income earned on those deposits is sufficient to meet its liabilities as they fall due, including the payment of preference share dividends. The Directors monitor the ability of the BoI Group to support the funding requirements of the Company.

Market Risk

Cash flow interest rate risk is the risk that future cash flows of financial instruments will fluctuate because of changes in market interest rates.

Interest rate risk on the fixed rate preference shares is mitigated through the placement of fixed rate long term deposits, the interest on which exceeds or matches the dividends payable on the preference shares. Therefore there is no significant net interest rate risk.

The BoI Group's Risk Management objectives and policies and the principal risk exposures facing the business are set out in note 13.

In addition to the above, the Company is subject to income taxation where the ultimate taxation charge may be uncertain, in particular if taken to litigation, the outcome of which can be unpredictable. The Company recognises current tax liabilities based on estimates of the taxes that are likely to fall due, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice.

Ongoing uncertainty surrounding the UK's departure from the European Union (EU) continues to affect the markets in which the Company operates including interest rates and credit demand. The Group has a longstanding Brexit programme to identify, monitor and mitigate risks associated with Brexit.

COVID - 19

The outbreak of COVID-19 since the year end, will most likely have a substantial negative impact on both global and local economies. Across the Bank of Ireland Group, a pro-active response programme has been put in place to continually assess and respond effectively to this evolving situation, adjust operations to maintain business continuity and support the safety and health of both staff and customers. The Directors have obtained representation from Governor and Company of the Bank of Ireland that sufficient funds will be made available to ensure the Company can meet its obligations as they fall due for the thirteen-month period ending July 2021.

In addition to this, all B&W plc exposures are to The Governor and Company of Bank of Ireland with a long term senior unsecured credit rating from Standard & Poors of A-. Bank of Ireland Group plc the ultimate parent has a long term senior unsecured credit rating of BBB- from Standard & Poors.

At the date of approval of the financial statements, the overall impact cannot be accurately estimated but an adverse influence on 2020 performance is expected. The directors do not consider that any adjustments are required to the financial information at this stage. The Company has already taken steps and will be working on a number of initiatives to continue to support its various stakeholders.

Stakeholder Management

The Board complies with section 172 (1) of the Companies Act 2006 in a number of ways through engagement with its various stakeholders, and has appointed accountable executives who are responsible for each of its key stakeholders.

- **Preference shareholders**: The Board is focused on delivering sustainable returns for its shareholders.
- **Environment**: The Board takes seriously its responsibility to manage its impact on the environment and to reduce that impact.
- **Regulators**: The Board ensures compliance over regulatory matters involving the Prudential Regulation Authority.
- **People**: The Company aims to be a responsible employer and is committed to enabling its people to thrive.

On behalf of the Board
Thomas McAreavey
Director
05 June 2020

The Directors present their Report and audited financial statements of the Company for the year ended 31 December 2019. A Statement of Directors' Responsibilities is included on page 8.

Dividends
No ordinary share dividend was proposed or paid during the year ended 31 December 2019 by the Directors (year ended 31 December 2018: £nil).

The preference shares carry a fixed coupon rate of 8.125% and are classified as financial liabilities. The dividends on these preference shares are recognised in the Statement of Comprehensive Income as interest expense.

Directors' Indemnities
The Group has put in place Directors' and Officers' liability insurance which covers all directors and officers of the Group including all subsidiary companies in all jurisdictions in respect of legal actions against its Directors: this insurance cover does not extend to fraudulent or dishonest behaviour. A qualifying third party indemnity provision was in force covering all Directors in place during the year ended 31 December 2019 for the Company and other companies within the BoI Group and this is still in force as at the date of approval of the financial statements.

Post balance sheet events
The outbreak of COVID 19 is a non-adjusting post-balance sheet event which will most likely have a substantial negative impact on both global and local economies. Across the Bank of Ireland Group, a pro-active response programme has been put in place to continually assess and respond effectively to this evolving situation, adjust operations to maintain business continuity and support the safety and health of both staff and customers. At the date of approval of the financial statements, the overall impact cannot be accurately estimated but an adverse influence on 2020 performance is expected. The Company has taken steps and will be working on a number of initiatives to continue to support its various stakeholders.

Going concern
The Company is dependent on the BoI Group for liquidity and the funding of its Balance Sheet and for maintaining sufficient levels of capital. Having considered the key dependencies as outlined in note 1.2, the going concern assessment of the Bank of Ireland Group in relation to the uncertainty surrounding COVID 19, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Corporate Governance
Bristol & West plc is a statutory entity within the BoI Group and is subject to the BoI Group's Corporate Governance framework. The BoI Group's Corporate Governance Statement is available in the BoI Group Annual Report for year ended 31 December 2019 starting on page 110. A copy of this report can be obtained from https://investorrelations.bankofireland.com/results-centre/

A key objective of the BoI Group's governance framework is to ensure compliance with applicable legal and regulatory requirements. The BoI Group is subject to the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings (the Central Bank of Ireland's code is available on www.centralbank.ie) and the UK Corporate Governance Code (the UK code is available on www.frc.org.uk).

Information concerning the principal risks and uncertainties facing the Company is set out in the Strategic Report and note 13. A description of the BoI Group's risk management framework is contained in the BoI Group Annual Report for the year ended 31 December 2019.

DIRECTORS REPORT

The Directors who served during the year ended 31 December 2019 and up to the date of signing the financial statements were:

Ian McLaughlin
Thomas McAreavey
Lorraine Smyth
Alan McNamara

Company Secretary
Hill Wilson Secretarial Limited

Future Developments
The Directors do not anticipate any significant change in the principal activities of the Company.

Independent Auditor
KPMG LLP was appointed as the Company's external auditor to conduct the Company's audit for the year ended 31 December 2019. KPMG LLP has expressed willingness to be re-appointed in accordance with section 487(2) of the Companies Act 2006.

Provision of Information to Auditor
All the Directors at the time of approving this report confirm the following:

a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
b) they have taken all the steps that 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 is aware of that information.

Directors' Statement Pursuant to the Disclosure and Transparency Rules
Each of the Directors whose names are listed in the Directors' Report confirms that, to the best of each person's knowledge and belief:

- the Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report contained in the Annual 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 that it faces.

On behalf of the Board

Thomas McAreavey
Director
05 June 2020

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Thomas McAreavey

Director

05 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOL & WEST PLC

1 Our opinion is unmodified

We have audited the financial statements of Bristol & West plc ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Directors.

We were first appointed as auditor by the Directors on 16 April 2020. The period of total uninterrupted engagement is for the one financial year ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter		Our response
Going concern Refer to the Director's Report (page 6) and note 1.2 (summary of significant policies).	***Disclosure quality*** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company. That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Company's available financial resources over this period are: • withdrawal of the funding provided by Bank of Ireland UK Holdings ("Immediate Parent") and parental support by Governor and Company of the Bank of Ireland ("the Intermediate Parent"); and • impact of COVID-19 on the operations of the Intermediate Parent and Company. There are also less predictable but realistic second order impacts, such as the impact of Brexit. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Our procedures included: ***Key dependency assessment:*** We assessed management's conclusion that the Company is currently dependant on the continued support of its Immediate Parent and Intermediate Parent. ***Funding assessment:*** We assessed the ability and intent of the Immediate Parent and Intermediate Parent to provide the required support to the Company through making direct inquiry of the Company directors and by obtaining a copy of the letters of support from Bank of Ireland UK Holdings and Governor and Company of the Bank of Ireland to the Company that sufficient funds will be made available to the Company to ensure that it can meet its obligations as they fall due for a period of thirteen months from the date of these financial statements. ***Assessing transparency:*** We assessed the completeness and accuracy of the matters covered in the going concern disclosures of the financial statements disclosures with reference to the evidence obtained. **Our results:** We found the going concern disclosure without any material uncertainty to be acceptable

Key audit matter		Our response
Recoverability of loans and advances to banks **£113.8m** **(2018: £113.5m)** Refer to note 1.9 (accounting policy), note 5 (loans and advances to banks) and note 13 (Financial risk management, credit risk)	**The risk** The carrying amount of loans and advances to banks represents 99% (2018: 99%) of the Company's total assets. Whilst recoverability is ultimately dependent upon the ability of Governor and Company of the Bank of Ireland ("the Intermediate Parent") to repay the loans and advances to banks, the recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Company's financial statements, this is considered the area that had the greatest effect on our overall audit.	Our procedures included: **Test of details:** We assessed the recoverability of the loans and advances to banks, with reference to the Intermediate Parent's financial statements and external credit rating, whether it has sufficient capital, liquidity and profitability and therefore coverage of the balance owed, as well as assessing whether it has been historically profit making. **Assessing Transparency:** We assessed the adequacy of the Company's disclosures in respect of the recoverability of the loans and advances to banks. **Our results:** We found the assessment and disclosure of the recoverability of loans and advances to banks to be acceptable.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £1,100,000, determined with reference to the benchmark of total assets of which it represents 1%.

We agreed to report to the Directors any corrected or uncorrected identified misstatements exceeding £55,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality specified above and was all performed in London.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

We identified going concern as a key audit matter (see section 3 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the Directors and Other Information, Strategic Report and Directors' Report ("other information") presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, sanctions list and financial crime, recognising the nature of the company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Karl Pountney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

05 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest income calculated using the effective interest method	2	3,939	3,828
Interest expense calculated using the effective interest method	2	(2,328)	(2,479)
Net interest income		1,611	1,349
Reversal of Provision	10	800	-
Admin Expenses		(5)	-
Net Impairment (Charge)/Gain		-	98
Profit for the year before taxation		2,406	1,447
Taxation charge	3	(747)	(744)
Total profit for the year		1,659	703
Total comprehensive income for the year		1,659	703
Total profit and comprehensive income for the year		1,659	703

The notes on pages 19 to 40 are an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	31 December 2019 £'000	31 December 2018 £'000
Assets			
Loans and advances to banks	5	113,826	113,521
Other assets	6	716	639
Deferred tax asset		27	30
Total Assets		114,569	114,190
Liabilities			
Preference shares	7	32,593	32,593
Amounts due to banks	8	5,551	6,106
Amounts due to parent	9	70,000	70,000
Other provisions	10	-	800
Other liabilities	10	409	361
Current tax liabilities		371	344
Total Liabilities		108,924	110,204
Equity			
Share capital	11	50	50
Retained earnings		5,595	3,936
Total Equity		5,645	3,986
Total Equity and Liabilities		114,569	114,190

The notes on pages 19 to 40 are an integral part of these financial statements.

The financial statements and accompanying notes on pages 19 to 40 were approved by the Board of Directors on 05 June 2020 and signed on its behalf by:

Thomas McAreavey
Director
05 June 2020

Company Registered Number 2124201

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Share capital		
Balance at the beginning and at the end of the year	50	50
Retained earnings		
Balance at the beginning of the year	3,936	3,391
IFRS 9 Transitional adjustment at 01 January 2018 (after tax)	-	(158)
Profit and total comprehensive income for the year	1,659	703
Balance at the end of the year	5,595	3,936
Total Equity	5,645	3,986

The notes on pages 19 to 40 are an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31December 2019 £'000	Year ended 31December 2018 £'000
Cash flows from operating activities			
Profit before taxation		2,406	1,447
Interest expense on preference shares		2,328	2,479
Net change in impairment loss on financial instrument		-	(98)
Cash flows from operating activities before changes in operating assets and liabilities		4,734	3,828
Net change in loans and advances to banks		(257)	(166)
Net change in other assets		-	205
Net change in amounts due to banks		(555)	(826)
Net change in other liabilities		(752)	(2)
Net cash generated from / (used in) operating assets and liabilities		(1,564)	(789)
Net cash generated from operating activities before taxation		3,170	3,039
Taxation paid		(717)	(391)
Net cash generated from operating activities		2,453	2,648
Financing activities			
Interest paid on preference shares		(2,405)	(2,648)
Net decrease in cash and cash equivalents		48	-
Opening cash and cash equivalents		11,653	11,653
Closing cash and cash equivalents	17	11,701	11,653

The notes on pages 19 to 40 are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of presentation

The Company is incorporated and domiciled in England. The Company is a Company limited by shares.

The financial statements comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, the accounting policies and the notes to the financial statements. The notes include the areas highlighted in the Strategic Report and form an integral part of the financial statements.

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by EU) and with the provisions of the Companies Act 2006 as applicable to companies using IFRS.

The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRS as adopted by EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The principal 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 are presented in pounds sterling (£) which is the functional and presentational currency of the Company, except where otherwise indicated.

The level of rounding used in the presentation of the financial statements is in thousands (£'000).

1.2 Going concern

The time period that the Directors have considered in evaluating the appropriateness of the going concern basis in preparing the financial statements for the year ended 31 December 2019 is a period of twelve months from the date of approval of these financial statements ('the period of assessment').

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

Going concern assessment of the BoI Group
The Company is reliant on the BoI Group for liquidity and funding.

The Directors note that during 2019 there were a number of developments regarding profitability, capital, liquidity and funding that further enhanced the position of the Company's Ultimate Parent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The outbreak of COVID-19 since the year-end will most likely have a substantial negative impact on both global and local economies. Across the BoI Group, a pro-active response programme has been put in place to continually assess and respond effectively to this evolving situation, adjust operations to maintain business continuity and support the safety and health of both staff and customers. The Directors have obtained representation from Governor and Company of the Bank of Ireland that sufficient funds will be made available to ensure the Company can meet its obligations as they fall due for the next thirteen months ending July 2021. In addition to this, all B&W plc exposures are to The Governor and Company of Bank of Ireland with a long term senior unsecured credit rating from Standard & Poors of A-. Bank of Ireland Group plc the ultimate parent has a long term senior unsecured credit rating of BBB- from Standard & Poors.

At the date of approval of the financial statements, the overall impact cannot be accurately estimated but an adverse influence on 2020 performance is expected. The Company has already taken steps and will be working on a number of initiatives to continue to support its various stakeholders.

Based on the above, the Board of the Company's Ultimate Parent has concluded that there are no material uncertainties that may cast significant doubt about the BoI Group's ability to continue as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. The audit report on the financial statements of the Company's Ultimate Parent is not qualified and does not contain an emphasis of matter paragraph in respect of going concern.

Taking into account the above the Directors of the Company are satisfied that any risk attaching to the continued ability of the Ultimate Parent to provide support to the Company is satisfactorily addressed.

Considerations specific to Bristol & West plc

Profitability

For the year ended 31 December 2019 the Company made a profit after tax of £1,659,000. The Company holds interest-bearing cash deposits in order to meet its liabilities, principally the payment of future preference share dividends. For the year ended 31 December 2019, the Company made a profit before taxation of £2,406,000 generating sufficient income to meet these obligations and to cover its operating expenses. The Directors are satisfied that the Company will be profitable for the period of assessment. Profitability depends on the continued interest free funding provided by the Parent Company and this is considered below.

Capital

At 31 December 2019, the Company has total equity of £5,645,000 comprising share capital of £50,000 and retained earnings of £5,595,000. The Company has an interest free loan of £70 million from the Parent, Bank of Ireland UK Holdings, which provides funding to ensure that future financial obligations can be met. There are a number of safeguards in place as referred to in the liquidity and funding section below which have been considered by the Directors in assessing the capital position of the Company.

Liquidity and funding

The primary external non-BoI Group liability of the Company is the payment of dividends on its preference shares and the repayment of the preference shares. The Company has an interest free loan of £70 million from its Parent, Bank of Ireland UK Holdings. The Company has placed deposits with Governor and Company of the Bank of Ireland, and these deposits earn sufficient interest to meet its liabilities for the period of assessment. The Directors have also obtained representation from Governor and Company of the Bank of Ireland that sufficient funds will be made available to ensure the Company can meet its obligations as they fall due for the foreseeable future.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Conclusion
On the basis of the above, and given that the BoI Group financial statements for the year ended 31 December 2019 have been prepared on a going concern basis, the Directors consider it appropriate to prepare the financial statements of the Company on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over the period of assessment.

1.3 Adoption of new and amended accounting standards

The IASB 's annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to IFRS s. The Primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvement process when the amendment is considered non-urgent but necessary.

The following new standards and amendments to standards have been adopted by the Company during the year ended 31 December 2019:

• **IFRIC 23 'Uncertainty over income tax treatments' -** IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. This new standard does not have a significant impact on the financial position of the Company. The annual improvement process in relation to IFRIC 23 has been underway since October 2015 and it was in June 2017 that the IASB published IFRIC 23 to clarify the uncertainties in income taxes.

1.4 Interest income and expense

Interest income and expense are recognised in the Statement of Comprehensive Income and 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 liability. When calculating the effective 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 fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset, or 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 purposes of measuring the impairment loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Interest income and expense (continued)

Where the Company revises its estimates of payments or receipts on a financial instrument measured at amortised cost, the carrying amount of the financial instrument (or group of financial instruments) is adjusted to reflect actual and revised estimated cash flows. The Company recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

In line with the terms and conditions of the preference shares, dividends that have remained unclaimed for more than 12 years from the date that they become payable are no longer a liability of the Company. The amount of preference share dividends that become unclaimed for more than 12 years during the financial year are recognised as a reduction of interest expense in the Statement of Comprehensive Income.

1.5 Financial assets

Financial assets are initially measured at fair value. The Company's financial assets consist mainly of intragroup balances that are designated as financial assets held at amortised cost. Management determines the classification of its financial assets at initial recognition in line with the IFRS 9 *Financial Instruments* (IFRS 9) requirements for business model assessment.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods, or services directly to a debtor with no intention of trading the receivable. Loans are recorded at fair value plus transaction costs when cash is advanced they are subsequently accounted for at amortised cost, using the effective interest method.

Derecognition
A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the Company has transferred substantially all the risks and rewards of ownership. Where a modification results in a substantial change to the contractual cash flows of a financial asset, it may be considered to represent expiry of the contractual cash flows, resulting in derecognition of the original financial asset and recognition of a new financial asset at fair value. The Company reduces the gross carrying amount of a financial asset and the associated impairment loss allowance when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

1.6 Financial liabilities

Financial liabilities are initially recognised at fair value, (normally the issue proceeds i.e. the fair value of consideration received) less transaction costs. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the Statement of Comprehensive Income using the effective interest method.

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

Derecognition
Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Impairment of financial assets

The basis of classification of financial assets under IFRS 9 depends on the Company's business model and the contractual cash flow characteristics of the financial asset. In order to be accounted for at amortised cost, it is necessary for individual instruments to have contractual cash flows that are solely payments of principal and interest (SPPI).

The Company's financial instruments have been classified at amortised cost under IFRS 9 as they are within a hold to collect business model.

The Company shall recognise impairment loss allowance for the expected credit losses (ECL) on the following categories of financial instruments unless measured at FVTPL (Fair Value Through P&L):

- financial assets that are debt instruments; and
- financial guarantee contracts issued and not accounted for under IFRS 4 'Insurance contracts.

Basis for measuring impairment

The Company should allocate financial instruments into the following categories at each reporting date to determine the appropriate accounting treatment.

- **Stage 1: 12-month ECL (not credit-impaired)**

These are financial instruments where there has not been a significant increase in credit risk since initial recognition. An impairment loss allowance equal to 12- month ECL is recognised. This is the portion of lifetime ECL resulting from default events that are possible within the next 12 months.

- **Stage 2: Lifetime ECL (not credit-impaired)**

These are financial instruments where there has been a significant increase in credit risk since initial recognition but which are not credit-impaired. An impairment loss allowance equal to lifetime ECL is recognised. Lifetime ECL are the ECL resulting from all possible default events over the expected life of the financial instrument.

- **Stage 3: Lifetime ECL (credit-impaired)**

These are financial instruments which are credit-impaired at the reporting date but were not credit-impaired at initial recognition. An impairment loss allowance equal to lifetime ECL is recognised.

Significant increase in credit risk
In determining if a financial instrument has experienced a significant increase in credit risk since initial recognition, the Company assesses whether the risk of default, default referring to the failure to fulfil an obligation to repay the loan, over the remaining expected life of the financial instrument is significantly higher than had been anticipated at initial recognition, taking into account changes in prepayment expectations where relevant. Generally if a contractual obligation is greater than 30 days past due it is considered a significant increase in credit risk. The Company uses reasonable and supportable information available without undue cost or effort at the reporting date, including forward-looking information. A combination of quantitative, qualitative and backstop indicators are generally applied in making the determination. For certain portfolios, the Company assumes that no significant increase in credit risk has occurred if credit risk is 'low' at the reporting date.

Credit-impaired
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Impairment of financial assets (continued)

a) significant financial difficulty of the issuer or the borrower;
b) at the reporting date the loan is 90 days past due
c) a breach of contract, such as a default or past due event;
d) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
e) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
f) the disappearance of an active market for that financial asset because of financial difficulties; or
g) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses. It may not be possible to identify a single discrete even, instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Measurement of ECL and presentation of impairment loss allowances

The Company uses reasonable and supportable information available without undue cost or effort at the reporting date, including forward looking information.

Impairment is measured in a way that reflects:

a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
b) the time value of money; and
c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: the present value of the difference between all contractual cash flows due to the Company in accordance with the contract and all the cash flows the Company expects to receive.
- Financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.
- Undrawn loan commitments: the present value difference between the contractual cash flows that are due to the Company if the commitment is drawn and the cash flows that the Company expects to receive.
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover, discounted at an appropriate risk-free rate.

For financial assets, the discount rate used in measuring ECL is the effective interest rate or an approximation thereof.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Impairment of financial assets (continued)

Impairment loss allowances for ECL are presented in the financial statements as follows:

- Financial assets at amortised cost: as a deduction from the gross carrying amount in the balance sheet.
- Loan commitments and financial guarantee contracts: generally, as a provision in the balance sheet.
- Debt instruments: an amount equal to the allowance is recognised in other comprehensive income as an accumulated impairment amount.

Utilisation of impairment loss allowances

The Company reduces the gross carrying amount of a financial asset and the associated impairment loss allowance when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Indicators that there is no reasonable expectation of recovery include the collection process having been exhausted or it becoming clear during the collection process that recovery will fall short of the amount due to the Company. The Company considers, on a case-by-case basis, whether enforcement action in respect of an amount that has been written off from an accounting perspective is or remains appropriate. Any subsequent recoveries are included in the income statement as an impairment gain.

1.8 Current income tax

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the year 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 are utilised.

Management periodically evaluates the positions taken in tax returns where tax regulation is subject to interpretation.

1.9 Current income tax

The Company establishes provisions on the basis of amounts expected to be paid to the tax authorities only where it is considered more likely than not that an amount will be paid. The Company applies this test to each individual uncertain position. The Company measures uncertain positions based on the most likely outcome.

1.10 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 tax laws) that have been enacted, or substantively 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.
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.10 Deferred income tax (continued)

The rates enacted, or substantively enacted, at the balance sheet date, are used to determine deferred income tax. Deferred income tax is 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 the accounting nor the taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised and by reference to the expiry dates (if any) of the relevant unused tax losses or tax credits. Any unrecognised deferred tax assets are reassessed at the end of each reporting period at which point any previously unrecognised deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are not discounted.

Tax on items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity respectively. Where applicable, tax on items recognised in other comprehensive income is subsequently reclassified to the income statement, together with the deferred gain or loss.

1.11 Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise loans and advances to banks with an original maturity of less than three months.

1.12 Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which a written resolution has been passed.

1.13 Operating Segments

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

1.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is currently a legally enforceable right of set off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.15 Impact of new accounting standards

The following standards and amendments to standards will be relevant to the Company but were not effective at 31 December 2019 and have not been applied in preparing these financial statements. The Company's initial view of the impact of these accounting changes is outlined below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.15 Impact of new accounting standards (continued)

The Company has considered the impact of the accounting standards as follows:

Pronouncement	Nature of Change	Effective Date	Impact
IFRS 17 'Insurance contracts'	IFRS 17 replaces IFRS 4 'Insurance contracts', which was introduced as an interim standard in 2004. IFRS 17 addresses the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosures of insurance contract liabilities, ensuring an entity provides relevant information that faithfully represents those contracts. The standard is still subject to EU endorsement.	Financial periods beginning on or after 1 January 2021; however IASB is considering delaying the mandatory implementation date by 1 year to 2022.	This new standard is not expected to have a significant impact on the financial position of the Company.

1.16 Critical accounting estimates and judgements

There were no critical accounting estimates or judgements in the period.

2. INTEREST INCOME AND INTEREST EXPENSE

	Year ended 31 December 2019 £'000	**Year ended 31 December 2018 £'000**
Interest Income		
Amounts due from the Intermediate Parent	3,939	3,828
Interest Expense		
Preference share dividends	2,648	2,648
Unclaimed preference share dividends	(320)	(169)
	2,328	2,479

For the year ended 31 December 2019, audit fees of £20,000 (31 December 2018: £7,849) in respect of the audit of the Company financial statements were borne by the BoI Group. No other fees were paid to the auditors in respect of services provided to the Company.

3. TAXATION

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current tax:		
Corporation tax at 19% (2018: 19%)	744	742
Adjustments in respect of prior years	-	(1)
Current tax charge	744	741
Deferred tax charge:	3	3
Total tax charge	747	744

The reconciliation of tax on the profit before taxation at the standard UK corporation tax rate to the Company's actual tax charge/(credit) for the years ended 31 December 2019 and 31 December 2018 is as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit before tax	2,406	1,447
Tax calculated at a rate of 19% (2018: 19%)	457	275
Preference share dividends	443	470
Non-taxable release of accrual	(153)	
Adjustments in respect of prior years	-	(1)
Total tax charge	747	744

The applicable tax rate for the current year is 19% (2018: 19%). A reduction to the corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted in September 2016. However, the UK Budget of 11 March 2020 announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by an immaterial amount.

The closing deferred tax asset relates to the tax impact of IFRS 9 transitional adjustments.

4. DEFERRED TAX

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Opening deferred tax asset	30	-
Impact of adopting IFRS 9 on 1 January 2018	-	33
Income statement charge	(3)	(3)
Closing deferred tax asset	27	30

5. LOANS AND ADVANCES TO BANKS

	31 December 2019 £'000	31 December 2018 £'000
Due from the Intermediate Parent and included in cash equivalents Stage 1 (note 17)	11,701	11,653
Due from the Intermediate Parent	102,219	101,961
Gross Loans & Advances to banks	113,920	113,614
ECL on Loans & Advances to banks	(93)	(93)
	113,826	113,521
Split out as follows:		
Perpetual deposit with fixed interest rate of 5.5%	66,936	66,936
Rolling deposit with floating rate	35,283	35,025
	102,219	101,961
ECL on Loans & Advances to banks	(93)	(93)
	102,126	101,868

Maturity profile of the loans and advances to banks is as follows:

- Loans and advances to banks with a contractual maturity date of less than three months from the balance sheet date total £11,701k (31 December 2018 £11,653k).
- Loans and advances to banks with a contractual maturity date of 01 October 2037 £66,936k (31 December 2018 £66,936k).
- Loans and advances to banks with a contractual maturity date of 30 March 2037 £35,283k (31 December 2018 £35,025k).

All amounts are unsecured.

6. OTHER ASSETS

	31 December 2019 £'000	31 December 2018 £'000
Accrued interest receivable from Intermediate Parent	475	475
Other	241	164
	716	639

Other balances at 31 December 2019 include £241,000 unclaimed dividends paid to the company (31 December 2018: £164,000).

7. PREFERENCE SHARES

	Rate %	31 December 2019 £'000	31 December 2018 £'000
32,593,734 (2018: 32,593,734) units of preference shares of £1 each	8.125	32,593	32,593

The preference shares, which are non-redeemable, non-equity shares, rank equally amongst themselves with regard to participation in profits and in priority to the ordinary shares of the Company. The preference shares are undated and non-redeemable and thus the expectation is that they are due in greater than 12 months.

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 2006.

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.

7. PREFERENCE SHARES (continued)

On 1 October 2007, in connection with the transfer of the business of the Company to Governor and Company of the Bank of Ireland, the Bank entered into a Guarantee and Capital Maintenance Commitment (the 'Guarantee') with respect to the preference shares. Under the terms of the Guarantee, the liability of the Company in relation to the ongoing payment of dividends and any repayment of capital in relation to the preference shares that remained following the transfer of the business would be protected. Under the Guarantee, Governor and Company of the Bank of Ireland agreed, subject to certain conditions, to (i) ensure that the Company has sufficient distributable reserves to pay the dividends of the preference shares and, to the extent required, repay the preference share capital and (ii) guarantee the Company's obligations to make repayment of the dividends and preference share capital.

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.

In line with the terms and conditions of the preference shares, dividends that have remained unclaimed for more than 12 years from the date that they become payable are no longer a liability of the Company. The amount of preference share dividends that became unclaimed for more than 12 years during the financial year was £77k and was recognised as a reduction of interest expense in the Statement of Comprehensive Income (31 December 2018: £169k). The dividend payment is transferred to 3rd party who pay dividend out to Preference Shareholders. If for whatever reason, the funds are not passed within a certain time line, the 3rd party will owe the money back to B&W plc.

8. AMOUNTS DUE TO BANKS

	31 December 2019 £'000	31 December 2018 £'000
Amounts due to the Ultimate Parent	5,551	6,106

Amounts due to the Ultimate Parent at 31 December 2019 are reflective of payments made on behalf of the Company by the Ultimate Parent. These payments were made to settle Company obligations to fellow BoI Group Companies and third parties. All amounts are non-interest bearing, unsecured and with no fixed repayment date.

9. AMOUNTS DUE TO PARENT

	31 December 2019 £'000	31 December 2018 £'000
Amounts due to Parent	70,000	70,000

9. AMOUNTS DUE TO PARENT (Continued)

This amount represents an intercompany balance of £70 million from the Parent. This amount is interest free, does not have a fixed term, is repayable on demand and is expected to settle in greater than 12 months.

10. OTHER LIABILITIES AND PROVISIONS

	31 December 2019 £'000	31 December 2018 £'000
Accrued interest payable	331	331
Provision for legal costs	-	800
Other	78	30
	409	1,161

During the year, a historic £800k provision for legal costs was released. An economic outflow is now, not probable as no communication was received from HMRC seeking the recovery of costs. The analysis in December 2019 is that the probability of an outflow of economic liabilities is now regarded remote and lower than the "more likely not" test in IAS 37.

11. AUTHORISED SHARE CAPITAL

	31 December 2019 £'000	31 December 2018 £'000
Allotted and fully paid		
100,000 (2018: 100,000) units of ordinary shares of £0.50 each	50	50

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

12. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs are unobservable inputs for the asset or liability.

There were no transfers between different levels at the end of all reporting periods. Items where the carrying amount is a reasonable approximation of fair value are not included, as permitted by IFRS 7. This applies to the Company's other assets; amounts due to banks; amounts due to parent; and other liabilities. All financial instruments are initially recognised at fair value and subsequently measured at amortised cost.

Financial assets and financial liabilities not subsequently measured at fair value
For financial assets and financial liabilities which are not subsequently measured at fair value on the balance sheet, the Company discloses their fair value in a way that permits them to be compared to their carrying amounts. The methods and assumptions used to calculate the fair values of these assets and liabilities are set out below.

Loans and advances to banks
The estimated fair value of floating rate placements and overnight placings is their carrying amount. The estimated fair value of fixed interest bearing placements is based on discounted cash flows, using prevailing money market interest rates for assets with similar credit risk and remaining maturity (level 2 inputs).

Preference shares
The fair values of these instruments are calculated based on quoted market prices where available (level 1 inputs). In the absence of quoted market prices the fair value is calculated based on quoted broker prices (level 2 inputs).

As at 31 December 2019

	Quoted prices in active market	**Valuation techniques observable Inputs**	**Valuation techniques unobservabl e Inputs**	**Total**
	Level 1	**Level 2**	**Level 3**	
	£'000	**£'000**	**£'000**	**£'000**
Fair value of financial assets held at amortised cost				
Loans and advances to banks	-	174,552	-	174,552
Total	-	174,552	-	174,552
Fair value of financial liabilities held at amortised cost				
Preference shares	43,676	-	-	43,676
Amounts due to banks	5,525	-	-	5,525
Borrowed funds from Parent	70,000			70,000
	119,201	-	-	119,201

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

As at 31 December 2018

	Quoted prices in active market	Valuation techniques observable Inputs	Valuation techniques unobservable Inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Fair value of financial assets held at amortised cost				
Loans and advances to banks	-	163,089	-	163,089
Total	-	163,089	-	163,089
Fair value of financial liabilities held at amortised cost				
Preference shares	37,809	-	-	37,809
Amounts due to Banks	6,106	-	-	6,106
Borrowed Funds from Parent	70,000	-	-	70,000
	113,915	-	-	113,915

The carrying amount and the fair value of the Company's financial assets and liabilities as at 31 December 2019 and 31 December 2018 are set out in the table below.

		31 December 2019		31 December 2018	
		Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial assets					
Loans and advances to banks	(1)	113,826	174,552	113,521	163,089
Total		113,826	174,552	113,521	163,089
Financial liabilities					
Preference shares	(2)	32,593	43,676	32,593	37,809
Amounts due to banks	(3)	5,525	5,525	6,106	6,106
Borrowed funds from Parent	(4)	70,000	70,000	70,000	70,000
Total		108,119	119,201	108,699	113,915

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

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

1. Loans and advances to banks
    - This comprises inter-bank placements.
    - The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for assets with similar credit risk and remaining maturity.
    - The decrease in fair value from 31 December 2019 reflects movements in these rates during the year.

2. Preference shares
   The fair values of these instruments are calculated based on quoted market prices where available (level 1 inputs). In the absence of quoted market prices the fair value is calculated based on quoted broker prices (level 2 inputs).

3. Amounts due to banks
    - This comprises inter-company borrowings
    - It is an interest free loan, thus the estimated fair values of the loan is equivalent to its carrying value.

4. Borrowed Funds from Parent
    - This comprises a loan from Bank of Ireland UK Holdings
    - It is an interest free loan, thus the estimated fair value of the loan is equivalent to its carrying value.

13. FINANCIAL RISK MANAGEMENT

Market Risk

Market risk is the risk of loss in the Company's income or net worth arising from adverse change in interest rates, foreign exchange rates, or other market prices and arising from the structure of the Balance Sheet.

Interest rate risk on the fixed rate preference shares is managed by the use of fixed rate term loans. The variable rate exposure relates to the movement in monthly LIBOR rates, which is relatively small for the Company.

All assets and liabilities held by the Company at 31 December 2019 and 31 December 2018 were denominated in sterling.

Credit Risk

Credit Risk is defined as the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Company in respect of loans or other financial transactions.

IFRS 9 requires that an expected credit loss (ECL) approach be taken in the determination of the impairment loss allowance.

All assets of the Company are with other BoI Group companies and therefore exposed to the credit profile of the BoI Group.

13. FINANCIAL RISK MANAGEMENT (continued)

- **Stage 1 – 12 month ECL (not credit impaired)**

These are financial instruments where there has not been a significant increase in credit risk since initial recognition. An impairment loss allowance equal to 12- month ECL is recognised. This is the portion of lifetime ECL resulting from default events that are possible within the next 12 months.

- **Stage 2: Lifetime ECL (not credit-impaired)**

These are financial instruments where there has been a significant increase in credit risk since initial recognition but which are not credit-impaired. An impairment loss allowance equal to lifetime ECL is recognised. Lifetime ECL are the ECL resulting from all possible default events over the expected life of the financial instrument.

- **Stage 3: Lifetime ECL (credit-impaired)**

These are financial instruments which are credit-impaired at the reporting date but were not credit-impaired at initial recognition. An impairment loss allowance equal to lifetime ECL is recognised.

The table below summarises the Company's financial assets over the following categories: 'neither past due nor impaired', 'past due but not impaired' and 'impaired'. Exposures are based on the gross amount, before impairment loss allowance.

	31 December 2019 £'000	**31 December 2018 £'000**
Financial assets held at amortised cost		
Stage 1	114,542	114,159
Total	114,542	114,159

All loans and advances to banks are neither past due nor impaired and are of high credit quality. The Company's primary market is the UK and all exposures are originated and managed in the UK.

Industry Analysis

Financial assets held at amortised cost	**31 December 2019 £'000**	**31 December 2018 £'000**
Financial institutions	114,542	114,159
	114,542	114,159

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in financing its assets and/or meeting its contractual payment obligations as they fall due 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.

13. FINANCIAL RISK MANAGEMENT (continued)

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 summarises the maturity profile of the Company's financial instrument liabilities at 31 December 2019 and 31 December 2018 based on the contractual undiscounted repayment obligations. The Company does not manage liquidity risk on the basis of contractual maturity. Instead, the Company manages liquidity risk based on expected cash flows. The balances will not agree directly to the balances in the balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal and interest payments.

Other liabilities are not included in the tables below to the extent that they:

a) relate to third party balances not classified as financial liabilities; and
b) relate to accrued interest payable on preference shares as this interest is included in the preference shares line.

At 31 December 2019

Liabilities	Demand £'000	Up to 3 months but not demand £'000	3-12 months £'000	1- 5 years £'000	Over 5 years £'000	Total £'000
Preference shares	-	-	2,648	10,593	32,593	45,834
Amounts due to banks	5,525	-	-	-	-	5,525
Amounts due to parent	70,000	-	-	-	-	70,000
Other liabilities	-	-	-	-	-	-
Total	75,525	-	2,648	10,593	32,593	121,359

Interest cash flows on Preference Shares included for 5 years as the instruments are undated, after this time it is assumed the instruments are repaid.

At 31 December 2018

Liabilities	Demand £'000	Up to 3 months but not demand £'000	3-12 months £'000	1- 5 years £'000	Over 5 years £'000	Total £'000
Preference shares	-	-	2,648	10,592	32,593	45,833
Amounts due to banks	6,106	-	-	-	-	6,106
Amount due to parent	70,000	-	-	-	-	70,000
Other liabilities	830	-	-	-	-	830
Total	76,936	-	2,648	10,592	32,593	122,769

Interest cash flows on Preference Shares included for 5 years as the instruments are undated, after this time it is assumed the instruments are repaid.

COVID – 19

The outbreak of COVID-19 since the year-end will most likely have a substantial negative impact on both global and local economies. Across the BoI Group, a pro-active response programme has been put in place to continually assess and respond effectively to this evolving situation, adjust operations to maintain business continuity and support the safety and health of both staff and customers.

13. FINANCIAL RISK MANAGEMENT (continued)

The outbreak of COVID-19 since the year-end will most likely have a substantial negative impact on both global and local economies. Across the BoI Group, a pro-active response programme has been put in place to continually assess and respond effectively to this evolving situation, adjust operations to maintain business continuity and support the safety and health of both staff and customers. The Directors have obtained representation from Governor and Company of the Bank of Ireland that sufficient funds will be made available to ensure the Company can meet its obligations as they fall due for the thirteen-month period ending July 2021. In addition to this, all B&W plc exposures are to The Governor and Company of Bank of Ireland with a long term senior unsecured credit rating from Standard & Poors of A-. Bank of Ireland Group plc the ultimate parent has a long term senior unsecured credit rating of BBB- from Standard & Poors.

At the date of approval of the financial statements, the overall impact cannot be accurately estimated but an adverse influence on 2020 performance is expected. The directors do not consider that any adjustments are required to the financial information at this stage. The Company has already taken steps and will be working on a number of initiatives to continue to support its various stakeholders.

14. CAPITAL MANAGEMENT

Capital management for the Company is carried out in the context of the BoI Group's capital management policy.

The objectives of the BoI Group's capital management policy are to at all times comply with regulatory capital requirements and to ensure that the BoI Group has sufficient capital to cover the risks of its business and support its strategy.

The Company does not have its own regulatory capital requirements.

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

	31 December 2019 £'000	**31 December 2018 £'000**
Equity	5,645	3,986
Preference shares (note 7)	32,593	32,593
Total capital resources	38,238	36,579

15. EQUITY DIVIDENDS

No equity dividend has been proposed by the Directors in respect of the year ended 31 December 2019 (year ended 31 December 2018: £nil).

16. RELATED-PARTY TRANSACTIONS

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

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

	BoI Group		Parent	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Assets				
At the beginning of the year	113,995	113,921	-	-
Net amount advanced	305	74	-	-
At the end of the year	114,300	113,995	-	-
Interest income	3,939	3,828	-	-
Liabilities				
At the beginning of the year	6,106	6,932	70,000	70,000
Net amount advanced/(repaid)	(581)	(826)	-	-
At the end of the year	5,525	6,106	70,000	70,000

Related party balances consist of loans and advances to banks, other assets, amounts due to banks, amounts due to Parent and other liabilities. Details of these balances are outlined in Notes 5, 6, 8, 9 and 10.

There are no transactions with key management personnel of the Company during the current and preceding financial year.

17. CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise loans and advances to banks with original maturity of less than 3 months.

	31 December 2019	31 December 2018
Loans and advances to banks (note 5)	11,701	11,653

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.

18. DIRECTORS EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company but instead received emoluments for their services from other companies. The Directors do not believe that it is appropriate to apportion this amount between service as a Director of the Company and services as a Director of other group companies, as the services are primarily to other group companies.

19. POST BALANCE SHEET EVENTS

The outbreak of COVID-19 since the year-end, will most likely have a substantial negative impact on both global and local economies. Across the Bank of Ireland Group, a pro-active response programme has been put in place to continually assess and respond effectively to this evolving situation, adjust operations to maintain business continuity and support the safety and health of both staff and customers. The Directors have obtained representation from Governor and Company of the Bank of Ireland that sufficient funds will be made available to ensure the Company can meet its obligations as they fall due for the thirteen-month period ending July 2021. In addition to this, all B&W plc exposures are to The Governor and Company of Bank of Ireland with a long term senior unsecured credit rating from Standard & Poors of A-. Bank of Ireland Group plc the ultimate parent has a long term senior unsecured credit rating of BBB- from Standard & Poors.

At the date of approval of the financial statements, the overall impact cannot be accurately estimated but an adverse influence on 2020 performance is expected. The directors do not consider that any adjustments are required to the financial information at this stage. The Company has already taken steps and will be working on a number of initiatives to continue to support its various stakeholders.

20. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Bank of Ireland UK Holdings. The Company's Ultimate Parent and controlling party in previous years was Governor and Company of the Bank of Ireland. A corporate reorganisation of the Bank of Ireland Group was implemented by Scheme of Arrangement under the Companies Act 2014, which became effective on 7 July 2017 and which resulted in Bank of Ireland Group plc being introduced as the holding company of the Bank of Ireland Group and Ultimate Parent of the Company.

These financial statements are included in the consolidated financial statements of Bank of Ireland Group plc (the Ultimate Parent of the Bank of Ireland Group) and Governor and Company of the Bank of Ireland (the Intermediate Parent).

A copy of the BoI Group financial statements for BoI Group plc may be obtained from Bank of Ireland, 40 Mespil Road, Dublin 4 or www.bankofireland.com.