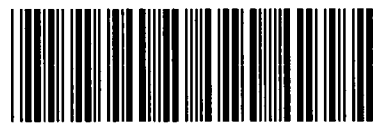


Registered Number: 02476161

# **BANK OF IRELAND DIRECT MARKETING LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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**BANK OF IRELAND DIRECT MARKETING LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**BANK OF IRELAND DIRECT MARKETING LIMITED**

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**DIRECTORS AND OTHER INFORMATION**

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**Directors at date of signing**

John-Anthony Greer  
Alan McNamara

**Company Secretary**

Hill Wilson Secretarial Limited  
Bank of Ireland  
Head Office  
40 Mespil Road  
Dublin 4

**Registered Office**

One Temple Back East  
Temple Quay  
Bristol  
United Kingdom  
BS1 6DX

**Registered Number**

02476161

**Independent Auditor**

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin 1

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**BANK OF IRELAND DIRECT MARKETING LIMITED**


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**DIRECTORS' REPORT**


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The Directors present their annual report and the financial statements of Bank of Ireland Direct Marketing Limited ('the Company') for the financial year ended 31 December 2020. The Company is a private company limited by shares. It is incorporated and domiciled in the UK.

For the year ended 31 December 2019, the Company was entitled to and availed of exemption from audit under section 480 of the Companies Act 2006 ('the Act') relating to dormant companies.

### **Review of business and future developments**

The Company undertook no new activity or subsidiary holdings during the year ended 31 December 2020. Management expects this to remain the case for the foreseeable future.

### **Results and dividends**

The Company did not trade during the 2020 and 2019 financial years. The results for the year are set out on page 9. The Directors do not recommend the payment of a dividend (2019: £nil (unaudited)).

### **Going Concern**

The financial statements have been prepared on a going concern basis.

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 to 31 December 2020 is a period of twelve months from the date of approval of these financial statements ("the period of assessment").

### **Risk management**

The Company's risk management objectives and policies and the principal risk exposures facing the business are set out below. These risks are monitored and managed under the overall governance framework of the Bank of Ireland Group (the 'Group').

#### ***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.

Credit exposure arises from amounts owed by Bank of Ireland Group undertakings.

The senior unsecured credit ratings of Bank of Ireland are set out as follows:

<b>Rating Agency</b>	<b>The Governor and Company of the Bank of Ireland</b>	
	<b>2020</b>	<b>2019</b>
Moody's	A2	A2
Standard & Poor's	A-	A-

The Company does not have any exposure to credit risk outside of the Bank of Ireland Group.

#### ***Liquidity Risk***

Liquidity risk is the risk that the Company will experience difficulty in meeting its contractual payment obligations as they fall due. Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven by the maturity structure of loans, while cash outflows are driven, inter alia, by the outflows from liabilities to creditors. At 31 December 2020, the Company's exposure is limited to amounts due to the Bank of Ireland Group of £7,560 (2019: £10,439 (unaudited)).

#### ***Market Risk***

Market risk is the risk of loss in the Company's income or net worth arising from adverse change in interest rates, exchange rates, or other market prices. Currency risk is the risk that the future cash flows will fluctuate because of changes in market exchange rates.

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**BANK OF IRELAND DIRECT MARKETING LIMITED**

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**DIRECTORS' REPORT (CONTINUED)**

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**Risk Management (continued)*****Market Risk (continued)***

The Company recognises that the effective management of market risk is essential to the preservation of shareholder value. The Company's exposure to market risk is governed by policy approved by the Bank of Ireland Group Risk Policy Committee ('GRPC'). This policy sets out the nature of risk that may be taken, the types of financial instrument that may be used to manage risk and the way in which risk is controlled.

The functional currency of the Company is British pounds (£).

The Company does not have any significant exposure to interest rate risk or foreign currency risk.

**Directors**

The Directors who served during the year ended 31 December 2020 and up to the date of signing the financial statements are set out below. Except where otherwise indicated, they served as Directors for the entire period.

Sean Crowe (Resigned 31/12/2020)

John-Anthony Greer

Alan McNamara (Appointed 11/03/2021)

**Qualifying third party indemnity provision**

A qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) was and remains in force for the benefit of all Directors of the Company and former Directors who held office during the year and at the approval date of the financial statements. The indemnity is granted under article 13 (a) of the Company's Articles of Association.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework.

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 the profit or loss of the Company for that period. In preparing these 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 whether applicable Accounting Standards have been followed, 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 the financial statements comply with the Companies Act 2006. They are responsible for such internal controls 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**BANK OF IRELAND DIRECT MARKETING LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**

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**Post balance sheet events**

There is no significant post balance sheet event identified requiring disclosure prior to the approval of these financial statements

**Disclosure of information to the Auditor**

So far as each of the Directors in office at the date of approval of these financial statements are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

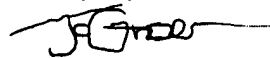
**Independent auditor**

KPMG was appointed as the Company's external auditor to conduct the Company's audit for the year ended 31 December 2020. KPMG has expressed willingness to be re-appointed in accordance with Section 487(2) of the Companies Act 2006.

**Small companies' exemption**

The Company qualifies as a small company in accordance with sections 381 to 383 of the Companies Act 2006 (the 'Act') and the Directors' report has therefore been prepared taking into consideration the entitlement to small companies exemptions provided in sections 415A and 414B (as incorporated to the Act by the Strategic Report and Directors' Report Regulations 2013) of the Act.

This report was approved by the Board of Directors on 27 April 2021 and signed on its behalf by:

DocuSigned by:  
  
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**John-Anthony Greer**

*Director*



**KPMG**  
**Audit**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANK OF IRELAND DIRECT MARKETING LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Bank of Ireland Direct Marketing Limited ('the Company') for the year ended 31 December 2020, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 Reduced Disclosure Framework.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- the financial statements 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to 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 its 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 its 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

#### **Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry 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.



We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls.. We did not identify any additional fraud risks.

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 remains 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.

#### **Other matter - Prior period financial statements**

We note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

Based solely on our work on the other information;

- we have not identified material misstatements in the directors report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is

consistent with the financial statements;

- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

***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, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**Respective responsibilities and restrictions on use**

***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on pages 3, 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 for the audit of the financial statements***

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 error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)



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

Our 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.

*N. Marshall*

**27 04 2021**

N. Marshall  
for and on behalf of  
**KPMG Statutory Auditor**  
1 Harbourmaster Place,  
IFSC,  
Dublin 1  
Ireland

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**BANK OF IRELAND DIRECT MARKETING LIMITED**

**INDEPENDENT AUDITOR'S REPORT FOR THE MEMBER OF BANK OF IRELAND DIRECT  
MARKETING LIMITED (CONTINUED)**

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**Respective responsibilities and restrictions on use**

***Responsibilities of directors for the financial statements***

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27 04 2021

N. Marshall  
for and on behalf of  
KPMG Statutory Auditor  
1 Harbourmaster Place,  
IFSC,  
Dublin 1  
Ireland

**BANK OF IRELAND DIRECT MARKETING LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 (unaudited) £
Net Impairment gain on Financial Instruments	4	19	-
<b>Profit before taxation</b>		<b>19</b>	<b>-</b>
Taxation		-	-
<b>Profit after Taxation</b>		<b>19</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>19</b>	<b>-</b>

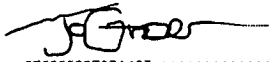
**BANK OF IRELAND DIRECT MARKETING LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2020**

		2020	2019
			(unaudited)
	Note	£	£
<b>Current assets</b>			
Debtors	5	469,502	469,483
Tax Provision		-	2,879
<b>Creditors: amounts falling due within one year</b>	7	(7,560)	(10,439)
<b>Net assets</b>		<b>461,942</b>	<b>461,923</b>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Profit and loss account		461,940	461,921
<b>Total shareholder's funds</b>		<b>461,942</b>	<b>461,923</b>

The notes on pages 12 to 17 form part of these financial statements.

The financial statements on pages 9 to 17 were approved by the Board of Directors on 27 April 2021 and signed on its behalf by:

DocuSigned by:



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**John Anthony Greer**

*Director*

**BANK OF IRELAND DIRECT MARKETING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Total shareholder's funds £
At 1 January 2019	2	461,921	461,923
Profit for the year ( <i>unaudited</i> )	-	-	-
At 31 December 2019 ( <i>unaudited</i> )	2	461,921	461,923
Result for the year	-	19	19
At 31 December 2020	2	461,940	461,942

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**BANK OF IRELAND DIRECT MARKETING LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS**


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**1 Summary of significant accounting policies****1.1 Basis of preparation**

The financial statements comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements.

The financial statements of Bank of Ireland Direct Marketing Limited ('the Company') have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101'). The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are presented in pounds sterling (£) which is the functional and presentational currency of the Company.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company has no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries of the Bank of Ireland Group;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of capital management;
- disclosures in respect of the compensation of key management personnel; and
- certain disclosures required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**1.2 Adoption of new accounting standards**

The following new amendments to standard have been adopted by the Company during the year ended 31 December 2020:

**Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'**

These amendments are aimed at improving the understanding of the existing requirements rather than significantly impacting current materiality judgements. They provide a new definition of material which shall be used to assess whether information, either individually or in combination with other information, is material in the context of the financial statements. These amendments have not had a significant impact on the Company at the reporting date.

**1.3 Current income tax**

Income tax payable on profits 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 can be utilised.



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**BANK OF IRELAND DIRECT MARKETING LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**


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**I Summary of significant accounting policies (continued)****1.4 Financial Assets****A. Recognition, classification and measurement**

The Company applies the following accounting policies to the classification, recognition and measurement policies relating to financial assets.

A financial asset is recognised in the balance sheet when, the Company becomes a party to its contractual provisions. At initial recognition, a financial asset is measured at fair value (plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs) and is assigned one of the following classifications for the purposes of subsequent measurement:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; or
- financial assets at fair value through profit or loss.

The Company determines the appropriate classification based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. In determining the business model for a group of financial assets, the Company considers factors such as how performance is evaluated and reported to key management personnel; the risks that affect performance and how they are managed; how managers are compensated; and the expected frequency, value and timing of sales of financial assets.

In considering the contractual cash flow characteristics of a financial asset, the Company determines whether the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In this context, 'principal' is the fair value of the financial asset on initial recognition and 'interest' is consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In making the determination, the Company assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers contingent events, leverage features, prepayment and term extensions, terms which limit the Company's recourse to specific assets and features that modify consideration of the time value of money.

**(a) Financial assets at amortised cost***Debt instruments*

A debt instrument is measured, subsequent to initial recognition, at amortised cost where it meets both of the following conditions and has not been designated as measured at fair value through profit or loss:

- the financial asset has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model whose objective is achieved by holding financial assets to collect contractual cash flows.

Loans measured at amortised cost are recognised when cash is advanced to the borrowers. Interest revenue using the effective interest method is recognised in the statement of comprehensive income. An impairment loss allowance is recognised for expected credit losses with corresponding impairment gains or losses recognised in the statement of comprehensive income.

The Company has no financial assets at fair value through other comprehensive income or fair value through profit or loss.

**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.

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**BANK OF IRELAND DIRECT MARKETING LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**


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**1 Summary of significant accounting policies (continued)****1.5 Impairment of financial instruments****Assets carried at amortised cost****Scope**

The Company recognises impairment loss allowances for expected credit losses (ECL) on financial assets that are debt instruments unless measured at fair value through profit or loss.

**Basis for measuring impairment**

The Company allocates 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.

A financial instrument may migrate between stages from one reporting date to the next.

**Significant increase in credit risk**

In determining if a financial instrument has experienced a significant increase in credit risk since initial recognition, the Bank assesses whether the risk of default over the remaining expected life of the financial instrument is significantly higher than had been anticipated at initial recognition. 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.

**Measurement of ECL and presentation of impairment loss allowances**

ECL are measured in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- 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.

ECL 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.

For financial assets, the discount rate used in measuring ECL is the effective interest rate (or 'credit-adjusted effective interest rate' for a purchased or originated credit-impaired financial asset) or an approximation thereof.

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**BANK OF IRELAND DIRECT MARKETING LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**


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**1 Summary of significant accounting policies (continued)****1.5 Impairment of financial instruments (continued)**

Impairment loss allowances for ECL are presented in the financial statements for financial assets at amortised cost as a deduction from the gross carrying amount in the balance sheet.

**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.

**1.6 Financial Liabilities**

The Company has only one category of financial liability: those that are carried at amortised cost. Financial liabilities are initially recognised at fair value (normally the issue proceeds i.e. the fair value of the consideration received) less transaction costs. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement using the effective interest method.

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

**2 Administrative expenses**

The Company incurred no expenses during the financial year ended 31 December 2020 (2019: £nil (unaudited)).

**3 Employees and Directors' emoluments**

There were no employees during the year ended 31 December 2020 (2019: nil (unaudited)). The Directors received no remuneration for their services as Directors of the Company (2019: £nil (unaudited)).

**4 Net impairment gains on financial assets**

	2020	2019 (unaudited)
	£	£
Amounts due from Group undertakings	19	-
<b>Net impairment gain on financial instruments</b>	<b>19</b>	<b>-</b>

**5 Debtors**

	2020	2019 (unaudited)
	£	£
Corporation tax	-	2,879
Amounts due from Bank of Ireland Group undertakings (note 6)	469,502	469,483
<b>Total debtors</b>	<b>469,502</b>	<b>472,362</b>

Amounts due from Bank of Ireland Group undertakings are unsecured, interest free and repayable on demand.

**BANK OF IRELAND DIRECT MARKETING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6 Amounts due from Bank of Ireland Group undertakings**

	2020	2019 (unaudited)
	£	£
Amounts due from Bank of Ireland Group undertakings	469,518	469,518
Less: impairment loss allowance	(16)	(35)
<b>Total amounts due from Bank of Ireland Group undertakings</b>	<b>469,502</b>	<b>469,483</b>

Amounts owed by Bank of Ireland Group undertakings are unsecured, interest free and are repayable on demand. They are classified and measured at amortised cost. The impairment loss allowance on amounts due from Bank of Ireland Group undertakings calculated using a 12 month or lifetime expected credit loss approach. The amounts due are deemed to be Stage 1 for ECL measurement purposes.

**7 Creditors: amounts falling due within one year**

	2020	2019 (unaudited)
	£	£
Amounts due to Bank of Ireland Group undertakings	7,560	10,439
	<b>7,560</b>	<b>10,439</b>

Amounts due to Bank of Ireland Group undertakings are unsecured, interest free and repayable on demand.

**8 Called up share capital**

	2020	2019 (unaudited)
	£	£
<b>Authorised</b>		
1,000 (2019: 1,000 (unaudited)) ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
2 (2019: 2 (unaudited)) ordinary shares of £1 each	2	2

**9 Related party transactions**

The Company has availed of the FRS 101 exemption relating to the disclosure of transactions with other wholly owned subsidiaries of the Bank of Ireland Group. There are no other transactions with related parties.

**10 Controlling parties**

The Company's immediate parent undertaking is Bank of Ireland Britain Holdings Limited, a company registered in England.

The smallest group of which the Company is a member and for which group financial statements are prepared is The Governor and Company of the Bank of Ireland, a corporation established in the Republic of Ireland. Copies of the consolidated financial statements of The Governor and Company of the Bank of Ireland for the year ended 31 December 2020 may be obtained from the Group Secretary, Bank of Ireland, 40 Mespil Road, Dublin 4, Republic of Ireland.

The ultimate parent undertaking and controlling party of the Company is Bank of Ireland Group plc.

The largest group of which the Company is a member and for which group financial statements are prepared is Bank of Ireland Group plc, a public limited company incorporated and registered in the Republic of Ireland. Copies of the consolidated financial statements of Bank of Ireland Group plc for the year ended 31 December 2020 may be obtained from the Group Secretary, Bank of Ireland, 40 Mespil Road, Dublin 4, Republic of Ireland.

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**BANK OF IRELAND DIRECT MARKETING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**11 Post balance sheet events**

There is no significant post balance sheet event identified requiring disclosure prior to the approval of these financial statements.

**12 Approval of financial statements**

The Board of Directors approved the financial statements on 27 April 2021.