

**Bridgewell Securities Limited (formerly Bridgewell  
Limited)**

**Report and Financial Statements for the**

**year ended 31 December 2006**

**Company No. 3964824**

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# Bridgewell Securities Limited

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Registered No 3964824

## REPORT AND FINANCIAL STATEMENTS 2006

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# Bridgewell Securities Limited

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Registered No 3964824

## OFFICERS AND PROFESSIONAL ADVISORS

### DIRECTORS

N S Stagg (appointed 24 August 2007)  
B A Weir (appointed 24 August 2007)  
J P Renwick (resigned 5 October 2007)  
W J Craven (resigned 24 August 2007)  
D Ellis (resigned 24 August 2007)  
R F McConnochie (resigned 12 January 2007)

### SECRETARY

B A Weir (appointed 24 August 2007)  
P A Hogwood (resigned 24 August 2007)

### REGISTERED OFFICE

Old Change House  
128 Queen Victoria Street  
London  
EC4V 4BJ

### ULTIMATE PARENT UNDERTAKING

Bridgewell Group plc  
Old Change House  
128 Queen Victoria Street  
London  
EC4V 4BJ

### AUDITORS

Deloitte & Touche LLP

### BANKERS

Bank of Scotland  
38 Threadneedle Street  
London  
EC2P 2EH

### SOLICITORS

Addleshaw Goddard  
150 Aldersgate Street  
London  
EC1A 4EJ

# Bridgewell Securities Limited

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## DIRECTORS' REPORT

for the year ended 31 December 2006

The Directors present their annual report and the audited Financial Statements of the Company for the year ended 31 December 2006

### RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £26,000 (2005 profit – £678,000) The Directors have proposed the payment of an ordinary dividend for the year of £1,500,000 (2005 - £nil) This is payable to Bridgewell Group plc, the ultimate parent company

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company has not traded throughout the period and is not considered by the Directors to be a going concern on this basis The Directors do not expect any change to this in the forthcoming year

### DIRECTORS AND THEIR INTERESTS

The Directors of the Company, who served during the year and were serving at the year end except where stated, were as follows

N S Stagg (appointed 24 August 2007)  
B A Weir (appointed 24 August 2007)  
J P Renwick (resigned 5 October 2007)  
W J Craven (resigned 24 August 2007)  
D Ellis (resigned 24 August 2007)  
R F McConnochie (resigned 12 January 2007)

The Directors who resigned during the year were directors of the ultimate parent company, Bridgewell Group Limited Their interests in the shares of that company are disclosed in the annual report and accounts of Bridgewell Group Limited The new Directors had no interest in the share capital of the Company during the year

### EVENTS OCCURRING SUBSEQUENT TO THE BALANCE SHEET DATE

Rennie Mc Connochie resigned as a director on 12 January 2007 and Jim Renwick was appointed as a director on the same date

On 10 August 2007, the Bridgewell group of companies were acquired by Landsbanki Islands hf, which became the ultimate parent undertaking for the Company Bridgewell Group Limited remains the Company's immediate parent undertaking

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations Company law requires the directors to prepare such financial statements for each financial year and the Directors have elected to prepare accounts in accordance with United Kingdom Generally Accepted Accounting Practice, and applicable law The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

# Bridgewell Securities Limited

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## DIRECTORS' REPORT

for the year ended 31 December 2006

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. This disclosure has been given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### SMALL COMPANY EXEMPTION

The Company has taken advantage of the exemption under s246(4) of the Companies Act not to prepare an enhanced business review or to disclose financial risk management policies.

### AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the Companies auditors are unaware, and

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Companies auditors are aware of that information.

A resolution to re-appoint Deloitte and Touche LLP as the Company's auditors will be put to the forthcoming Annual General Meeting.

By order of the board



**Bruce Weir**  
Company Secretary

Old Change House  
128 Queen Victoria Street  
London  
EC4V 4BJ

18 February 2008

# Bridgewell Securities Limited

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## REPORT OF THE INDEPENDENT AUDITORS for the year ended 31 December 2006

We have audited the financial statements of Bridgewell Securities Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

### **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

  
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
London

## Bridgewell Securities Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
<b>TURNOVER</b>	2	-	6,297
Administrative expenses		(7)	(5,490)
<b>OPERATING PROFIT</b>	3	(7)	807
Interest receivable and other similar income		40	51
Interest payable and similar charges		-	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		33	858
Taxation	6	(59)	(180)
<b>(LOSS)/ PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(26)	678

There were no other recognised gains or losses in the current or prior year and therefore no separate statement of total recognised gains and losses has been presented. The reconciliation of the movement in shareholders' funds is detailed in note 11 to the Financial Statements.

The results for the year relate to discontinued operations.

# Bridgewell Securities Limited

## BALANCE SHEET at 31 December 2006

	Notes	2006 £'000	2005 £'000
<b>CURRENT ASSETS</b>			
Debtors	7	3,255	1,875
Cash at bank and in hand		507	2,178
		<u>3,762</u>	<u>4,053</u>
<b>CREDITORS</b> , amounts falling due within one year	8	(2,014)	(779)
		<u>1,748</u>	<u>3,274</u>
<b>NET CURRENT ASSETS</b>			
		<u>1,748</u>	<u>3,274</u>
<b>CREDITORS</b> , amounts falling due after more than one year	9	(750)	(750)
		<u>998</u>	<u>2,524</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>			
		<u>998</u>	<u>2,524</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	750	750
Profit and loss account	11	248	1,774
		<u>998</u>	<u>2,524</u>
<b>SHAREHOLDERS' FUNDS</b>			
		<u>998</u>	<u>2,524</u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 18 February 2008

Signed on behalf of the Company



Nick Stagg  
Director



# Bridgewell Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

### 1 ACCOUNTING POLICIES

#### *Basis of preparation*

The Financial Statements have been prepared under the historical cost convention in accordance with applicable United Kingdom law and accounting standards

The Company has adopted FRS25 'Financial instruments disclosure and presentation' and FRS26 'Financial instruments measurement' this year. These standards have not had an effect on either the loss or net assets for the year and the previous period.

The accounts have not been prepared on a going concern basis in light of the fact that the company is to stop trading for the foreseeable future. However, there are considered to be no differences between this basis and the going concern basis in respect of the disclosures of the results for the year.

#### *Pension contributions*

The Company contributes to individual employee personal pension plans based on a percentage of each employee's base salary. Contributions cover substantially all employees who have met minimum employment conditions. The cost of the contributions is charged to the profit and loss account for the year in which it is incurred.

#### *Statement of cash flows*

The Company has taken advantage of the exemption in FRS 1 not to prepare a statement of cash flows as it is a wholly owned subsidiary undertaking of Bridgewell Group plc which prepares group financial statements in which a consolidated cash flow statement is presented.

#### *Turnover*

Turnover which is stated net of value added tax (where applicable) comprises amounts received and receivable from corporate finance activity and is recognised when a relevant transaction is regarded as substantially complete.

#### *Preference Shares*

Following a change in accounting policy, Preference shares issued by the company are now being classified as liabilities and are recorded at the proceeds received net of direct issue costs. The comparatives have also been restated to reflect this, resulting in an increase in creditors and a decrease in equity of £500,000.

### 2 TURNOVER

All turnover arose in the UK and was from one class of business, namely corporate finance advisory.

### 3. OPERATING PROFIT

Operating profit is after charging

	2006 £'000	2005 £'000
Auditors' remuneration - audit services	7	17
Reorganisation costs	-	213

#### *Reorganisation costs*

This represents the costs of the redundancies that were made during the previous year.

# Bridgewell Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 4. STAFF COSTS

	2006 £'000	2005 £'000
Wages and salaries	-	2,634
Social security costs and other payroll related costs	-	179
Company contributions to employees' personal pension schemes	-	138
	<u>-</u>	<u>2,951</u>
<i>Number of employees:</i> The average number of Directors and staff employed by the Company during the year was	No	No
Corporate advisory staff	-	29
Settlement and administrative staff	-	5
	<u>-</u>	<u>34</u>

### 5. DIRECTORS' EMOLUMENTS

	2006 £'000	2005 £'000
Emoluments	-	738
Company contributions to personal pension schemes	-	42
Estimated value of benefits in kind	-	5
	<u>-</u>	<u>785</u>
<i>The amounts paid in respect of the highest paid Director are as follows:</i>		
Emoluments	-	165
Company contributions to personal pension schemes	-	10
Estimated value of benefits in kind	-	4
	<u>-</u>	<u>179</u>

# Bridgewell Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 6 TAXATION

	2006 £'000	2005 £'000
<i>UK corporation tax on profit</i>		
UK corporation tax on profit of the year	8	146
Adjustment in respect of previous periods	51	34
	<u>59</u>	<u>180</u>
The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below		
Profit on ordinary activities before tax	33	858
	<u>33</u>	<u>858</u>
Profit on ordinary activities multiplied by small companies rate of corporation tax in the UK of 30% (2005 current rate of corporation tax in the UK of 30%)	10	257
Disallowed expenses and non-taxable income	-	50
Adjustments in respect of previous periods	49	34
Group relief claimed for nil consideration	-	(161)
	<u>59</u>	<u>180</u>

# Bridgewell Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 7. DEBTORS

	2006 £'000	2005 £'000
Amounts due from group undertakings	3,255	1,875

### 8. CREDITORS amounts falling due within one year

	2006 £'000	2005 £'000
Corporation tax (note 6)	-	172
Amounts due to group undertakings	1,500	-
Other creditors and accruals	14	107
Preference shares	500	500
	2,014	779

#### *Preference shares*

The holders of the preference shares have the right to request redemption at issue value at any time upon 14 days notice. Upon a return of assets whether by a winding up or reduction of capital by the Company, the holders of preference shares rank before ordinary shareholders. The holders of the preference shares are not entitled to any dividend or other distribution or to any voting rights. There are currently 500,000 authorised non-cumulative redeemable preference shares of £1 each.

### 9 CREDITORS amounts falling due after more than one year

	2006 £'000	2005 £'000
Subordinated loan – repayable in 2-5 years	750	750

On 6 December 2002 the Company entered into both a Long Term Subordinated Loan Facility and a Short Term Subordinated Loan Facility with an aggregate principal amount of £2,000,000 with Bridgewell Group plc, the Company's ultimate parent company. The agreements expire on 5 December 2009 and 5 December 2007 respectively. Any amounts drawn under the agreements can be repaid to the lender at any time by the Company subject to the prior written permission of The Financial Services Authority, which has the right under the agreement to refuse to consent to repayment. No interest was charged on these borrowings during the year. At 31 December 2006 £750,000 had been drawn under the Long Term Subordinated Loan Facility (2005 – £750,000).

# Bridgewell Securities Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 10 CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
<i>Authorised</i>		
750,000 ordinary shares of £1 each	750	750
	<u>750</u>	<u>750</u>
<i>Allotted, called up and fully paid</i>		
750,000 ordinary shares of £1 each	750	750
	<u>750</u>	<u>750</u>

### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS IN RESERVES

	Share capital £'000	Profit and loss account £'000	Total £'000
Reserves at 1 January 2006	1,250	1,774	3,024
Reclassification of preference shares	(500)	-	(500)
Reserves at 1 January 2006 as restated	750	1,774	2,524
Dividend	-	(1,500)	(1,500)
(Loss) for the year and net decrease to shareholders' funds	-	(26)	(26)
Reserves at 31 December 2006	<u>750</u>	<u>248</u>	<u>998</u>

### 12 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

Following the acquisition of the Bridgewell group of companies during the year by Landsbanki Islands hf, the immediate parent company remains Bridgewell Group Limited, a company incorporated in England and Wales. Bridgewell Group Limited is the smallest and largest entity for which consolidated financial statements incorporating the results of the Company are prepared.

An exemption contained in Financial Reporting Standard No. 8 "Related Party Disclosures" permits the Company from not disclosing related party transactions and detailing transactions and balances with group companies as it is a wholly owned subsidiary of another company which prepares group financial statements which are made available to the public.

The Directors have used the services of a related undertaking, Bridgewell Limited ("BL"), to perform personal transactions in the stock market. Commission on a per transaction basis is charged by BL for this service in order to cover any dealing or associated costs incurred. During the year ended 31 December 2006, 1 (2005 - 7) such transactions occurred resulting in commission of £25 (2005 - £175) being paid by the Directors to BL. Of this £nil (2005 - £nil) was due at the balance sheet date.