

**Company Registration No. 03964824**

**Bridgewell Securities Limited**

**Report and Financial Statements**

**31 December 2007**

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# **Bridgewell Securities Limited**

## **Report and financial statements for the year ended 31 December 2007**

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# **Bridgewell Securities Limited**

## **Report and financial statements for the year ended 31 December 2007**

### **Officers and professional advisers**

#### **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**

Beaufort House  
15, St Botolph St  
London  
EC3A 7QR

#### **Solicitors**

Barlow, Lyde & Gilbert  
Beaufort House  
15, St Botolph St  
London  
EC3A 7QR

#### **Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and  
Registered Auditors  
Hay's Galleria  
1 Hays Lane  
London  
SE1 2RD

# **Bridgewell Securities Limited**

## **Directors' report for the year ended 31 December 2007**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2007

### **Principal activities and results**

The company did not trade throughout the year. As a non-trading company, the Directors do not believe that the Company faces any significant risks, and has no reason to believe that its material assets, all of which relate to fellow group undertakings, will not realise their book value. The Directors do not expect any change to this in the forthcoming year.

The loss for the year after taxation amounted to £43,000 (2006: £26,000). The Directors do not recommend the payment of a dividend (2006: £1,500,000).

### **Statement of Directors' Responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Directors**

The Directors who held office during the year are given on page 1.

### **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.

### **Auditors**

Deloitte and Touche LLP resigned as auditors during the year and PricewaterhouseCoopers LLP were appointed in their stead. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors, and signed on its behalf by



**B A Weir**  
Company Secretary  
6 May 2008

## **Independent auditors' report to the members of Bridgewell Securities Limited**

We have audited the financial statements of Bridgewell Securities Limited for the year ended 31 December 2007 which comprise the Income Statement the Balance Sheet, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

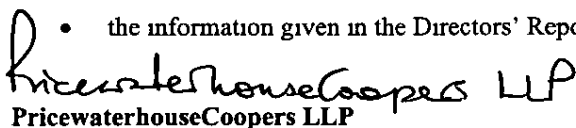
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS, as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London, 8 May 2008

## **Bridgewell Securities Limited**

### **Income statement for the year ended 31 December 2007**

		<b>Year ended 31 Dec 2007 £'000</b>	<b>Year ended 31 Dec 2006 £'000</b>
	<b>Note</b>		
<b>ADMINISTRATIVE EXPENSES</b>		-	(7)
<b>OPERATING LOSS</b>	2	-	(7)
Finance and similar income	3	-	40
Finance costs	4	(43)	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(43)	33
Income tax	5	-	(59)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(43)	(26)

The notes on pages 7 to 9 are an integral part of these financial statements

# Bridgewell Securities Limited

## Balance Sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
<b>Current assets</b>			
Trade and other receivables	6	3,748	3,255
Cash and cash equivalents		-	507
<b>Total assets</b>		<u>3,748</u>	<u>3,762</u>
<b>Current liabilities</b>			
Trade and other payables	7	<u>2,043</u>	<u>2,014</u>
<b>Non-current liabilities</b>			
Subordinated loan	8	<u>750</u>	<u>750</u>
<b>Total liabilities</b>		<u>2,793</u>	<u>2,764</u>
<b>Capital and reserves</b>			
Share capital	9	750	750
Retained earnings	10	<u>205</u>	<u>248</u>
<b>Total equity</b>		<u>955</u>	<u>998</u>
<b>Total equity and liabilities</b>		<u>3,748</u>	<u>3,762</u>

These financial statements were approved by the Board of Directors on 6 May 2008



**N S Stagg**  
Director

The notes on pages 7 to 9 are an integral part of these financial statements

## **Bridgewell Securities Limited**

### **Statement of Changes in Equity for the year ended 31 December 2007**

	<b>Notes</b>	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2006		750	1,774	2 524
Dividends	10	-	(1,500)	(1 500)
Loss for the year		-	(26)	(26)
Balance at 31 December 2006		750	248	998
Loss for the year		-	(43)	(43)
<b>Balance at 31 December 2007</b>		<b>750</b>	<b>205</b>	<b>955</b>

The notes on pages 7 to 9 are an integral part of these financial statements



# Bridgewell Securities Limited

## Notes to the financial statements for the year ended 31 December 2007

### 1. Accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS

### 2. Operating loss

The operating loss is stated after charging

	2007 £'000	2006 £'000
Auditors' remuneration – audit services	-	7

The audit fees of £5,000 have been paid by Landsbankı Securities (UK) Limited

### 3. Finance and similar income

	2007 £'000	2006 £'000
Bank interest receivable	-	40

### 4. Finance costs

	2007 £'000	2006 £'000
Interest payable on intercompany loans	43	-

### 5. Tax charge on (loss)/profit on ordinary activities

The tax charge for the year is as follows

	2007 £'000	2006 £'000
United Kingdom corporation tax at 30% (2006 19%)	-	10
Adjustment in respect of previous periods	-	49
	-	59

The tax assessed for the period is in line with the rate resulting from applying the standard rate of corporation tax in the UK 30% (2006 30%)

	2007 £'000	2006 £'000
(Loss)/profit on ordinary activities before tax	(43)	33
Corporation tax at 30% (2006 30%)	(13)	10
Expenses not deductible for tax purposes	13	-
Adjustments in respect of previous periods	-	49
	-	59

# Bridgewell Securities Limited

## Notes to the financial statements for the year ended 31 December 2007

### 6 Trade and other receivables

	2007 £'000	2006 £'000
Amounts due from group undertakings	3 748	3 255

The amounts owed by group undertakings are not secured incur no interest and have not been impaired during the year

### 7 Trade and other payables

	2007 £'000	2006 £'000
Amounts owed to group undertakings	1,500	1,500
Other creditors and accruals	43	14
Preference shares	500	500
	<u>2,043</u>	<u>2,014</u>

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 the 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 500,000 authorised preference shares of £1 each, of which all are allotted, issued, called up and fully paid.

### 8. Subordinated loan

	2007 £'000	2006 £'000
Subordinated loan	750	750

On 6 December 2002, the Company entered into a Long Term Subordinated Loan Facility with Bridgewell Group Limited, the Company's immediate parent undertaking. The agreement expires on 5 December 2009. 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. At 31 December 2007, £750,000 (2006: £750,000) had been drawn under this facility. This loan gives rise to interest at base rate plus 25 basis points. No interest was charged in 2006.

# Bridgewell Securities Limited

## Notes to the financial statements for the year ended 31 December 2007

### 9 Called up share capital

	2007 £'000	2006 £'000
<b>Authorised</b>		
750 000 ordinary shares of £1 each	<u>750</u>	<u>750</u>
<b>Allotted, issued and fully paid</b>		
750 000 ordinary shares of £1 each	<u>750</u>	<u>750</u>

### 10 Dividends

	2007 £'000	2006 £'000
Proposed dividend of £nil (2006 £2) per share	<u>-</u>	<u>1,500</u>

### 11. Related parties

The Company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures", which permits the Company from not disclosing related party transactions with group companies

### 12. Ultimate parent company

The Company's immediate parent company is Bridgewell Group Limited, a company incorporated in England and Wales, and the parent of the smallest group into which the results of the Company are consolidated is Landsbanki Securities (UK) Holdings plc, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent and controlling entity of Bridgewell Securities Limited and the parent company of the largest group into which this company is consolidated is Landsbanki Islands hf a company incorporated in Iceland with registered address at Austurstraeti 11, Reykjavik, Iceland from where its accounts are available, or via its website [www.landsbanki.is](http://www.landsbanki.is)