

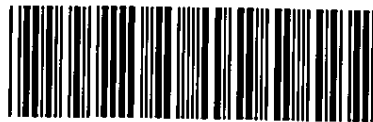
Company Registration No. 03970800

**Bridgewell Group Limited
(formerly Bridgewell Group plc)**

Report and Financial Statements

31 December 2007

SATURDAY



A733JZZ4

A05

24/05/2008

295

COMPANIES HOUSE

Bridgewell Group Limited
(formerly Bridgewell Group plc)

Report and financial statements for the year ended 31
December 2007

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	4
Income statement	5
Balance sheet	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9

Bridgewell Group Limited
(formerly Bridgewell Group plc)

Report and financial statements for the year ended 31
December 2007

Officers and professional advisers

Directors

N S Stagg (appointed 29 August 2007)
S T Arnason (appointed 1 September 2007)
N O Brigstocke (resigned 29 August 2007)
W J Craven (resigned 29 August 2007)
I R Dighe (resigned 29 August 2007)
L J Dowley (resigned 29 August 2007)
D Ellis (resigned 29 August 2007)
P J Gibbs (resigned 29 August 2007)
P V F S Manduca (resigned 29 August 2007)
R F McConnochie (resigned 29 March 2007)
J P Renwick (resigned 5 October 2007)

Company Secretary

B A Weir (appointed 29 August 2007)
P A Hogwood (resigned 29 August 2007)

Registered office

Beaufort House
15 St Botolph Street
London
EC3A 7QR

Bankers

Bank of Scotland
155 Bishopsgate
London
EC2M 3YB

Solicitors

Barlow Lyde & Gilbert
Beaufort House
15 St Botolph Street
London
EC3A 7NJ

Auditors

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

Bridgewell Group Limited **(formerly Bridgewell Group plc)**

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of Bridgewell Group Limited ("the Company") for the year ended 31 December 2007

On 10 August 2007 the Company was acquired by Landsbanki Securities (UK) Limited a company incorporated in the United Kingdom. On this date, the majority of the Company's assets and liabilities were transferred into Landsbanki Securities (UK) Limited. The Company's ultimate parent company is Landsbanki Islands hf ("the Bank") which is a limited liability company incorporated and domiciled in Iceland. The Bank's shares are listed on the Main List of the Iceland Stock Exchange ("ICEX")

During the year, the Company changed its status from that of a plc to a limited company. This change in status was reflected in the change of the Company's name from Bridgewell Group plc to Bridgewell Group Limited.

Principal activity and review of business

The principal activity of the Company up to 10 August 2007 was that of a holding company providing services to other companies in the Bridgewell group of companies. However, the Company has now ceased providing services to other companies in the Bridgewell group, as its employees were transferred to Landsbanki Securities (UK) Limited on 10 August 2007. 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 retained loss for the year amounted to £8,945,000 (2006: £100,000 profit) and is shown in the income statement on page 5. The directors do not recommend a final dividend (2006: £nil) and no interim dividend was paid during the year (2006: £nil).

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.

Statement as to disclosure of information to auditors

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 Section 246(4) of the Companies Act not to prepare an enhanced business review.

Bridgewell Group Limited
(formerly Bridgewell Group plc)

Directors' report for the year ended 31 December 2007

Auditors

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

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

A handwritten signature in black ink, appearing to read 'B A Weir', followed by a comma.

B A Weir
Company Secretary
6 May 2008

Independent auditors' report to the members of Bridgewell Group Limited (formerly Bridgewell Group plc)

We have audited the financial statements of Bridgewell Group Limited for the year ended 31 December 2007, which comprise the Income Statement the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement 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

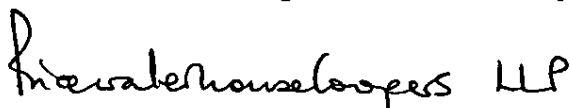
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 IFRS, as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its loss and cash flows 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 Group Limited
(formerly Bridgewell Group plc)

Income statement for the year ended 31 December 2007

	Note	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000	Year ended 31 Dec 2006 £'000
Revenue	2		2 558		3,270
Direct staff related costs	3	(899)		(1 997)	
Other administrative and settlement costs		(1,492)		(469)	
Reorganisation costs		(9,243)		(743)	
Operating and administrative expenses			(11,634)		(3,209)
Operating (loss)/profit	4		(9,076)		61
Finance and similar income	5		190		390
Finance costs	6		(59)		(417)
(Loss)/profit before tax			(8,945)		34
Income tax	7		-		66
(Loss)/profit for the year			(8,945)		100

The results shown above derive from discontinued operations


The notes on pages 9 to 18 are an integral part of these financial statements

Bridgewell Group Limited
(formerly Bridgewell Group plc)

Balance Sheet as at 31 December 2007

		31 Dec 2007 £'000	31 Dec 2006 £'000
	Note		
ASSETS			
Non-current assets			
Investments	8	1,250	22,004
Amounts due from group undertakings	9	1,750	1,750
Intangible assets	10	-	308
Property, plant and equipment	11	-	2,352
		<u>3,000</u>	<u>26,414</u>
Current assets			
Trade and other receivables	12	28,715	7,079
Cash and cash equivalents	13	-	10,524
		<u>28,715</u>	<u>17,603</u>
Total assets		<u><u>31,715</u></u>	<u><u>44,017</u></u>
LIABILITIES			
Current liabilities			
Borrowings	14	-	5,000
Trade and other payables	15	-	7,758
Current tax		-	188
		<u>-</u>	<u>12,946</u>
EQUITY			
Capital and reserves			
Share capital	16	51	51
Share premium account	17	31,623	31,623
Retained earnings	17	41	(603)
Total equity		<u><u>31,715</u></u>	<u><u>31,071</u></u>
Total liabilities and equity		<u><u>31,715</u></u>	<u><u>44,017</u></u>

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


N S Stagg
Chief Executive

The notes on pages 9 to 18 are an integral part of these financial statements

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2006	-	22 949	(703)	22 246
Proceeds from shares issued	51	8,674	-	8,725
Profit for the year	-	-	100	100
Balance at 31 December 2006	51	31,623	(603)	31,071
Loss for the year	-	-	(8,945)	(8,945)
Transferred to group undertakings	-	-	9,589	9,589
Balance at 31 December 2007	51	31,623	41	31,715

The notes on pages 9 to 18 are an integral part of these financial statements

Bridgewell Group Limited
(formerly Bridgewell Group plc)

Cash Flow Statement for the year ended 31 December 2007

	Note	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
Cash flows from operating activities			
Cash (used in)/generated from operations	19	(5 975)	137
Income tax (paid)/received		(188)	66
Interest paid		(59)	(27)
Net cash (used in)/generated from operating activities		<u>(6,222)</u>	<u>176</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,896)	(1,608)
Purchases of intangible assets		(23)	(213)
Cash disposed of as part of transfer of trade and assets		(2,573)	-
Interest received		190	-
Net cash used in investing activities		<u>(4,302)</u>	<u>(1,821)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	8,725
Net cash generated from financing activities		<u>-</u>	<u>8,725</u>
Net (decrease)/increase in cash, cash equivalents and bank borrowings		(10,524)	7,080
Cash, cash equivalents and bank borrowings at beginning of the year		<u>10,524</u>	<u>3,444</u>
Cash, cash equivalents and bank borrowings at end of the year	13	<u><u>-</u></u>	<u><u>10,524</u></u>

The notes on pages 9 to 18 are an integral part of these financial statements

Bridgewell Group Limited **(formerly Bridgewell Group plc)**

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

1 Accounting policies

Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as modified by the fair valuation of certain derivative financial instruments as required by IAS 32 and IAS 39 and the revaluation of available for sale financial assets

On adoption of IFRS for the first time, there was no material change in the accounting policies applied to financial instruments for the year ended 31 December 2006

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates

These financial statements are those solely for the Company, and exemption has been taken under section 228 of the Companies Act 1985 from preparing consolidated accounts, as the results are included in the consolidated financial statements of the Company's parent undertaking, Landsbanki Securities (UK) Holdings plc

Critical accounting estimates and judgements

The preparation of the financial statements, in conformity with IFRS, requires management to make estimates, and exercise judgement in the process of applying the Company's accounting policies, as well as assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the preparation of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. In the opinion of the directors, there are no critical accounting estimates or judgements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and the results for the year.

New standards

The Company has decided not to adopt any new standards or interpretations which had been issued as at 31 December 2007 before their effective date.

Revenue recognition

Revenue consists of recharge income from the Company's subsidiaries and is all derived in the United Kingdom.

Expense recognition

Expenses consist of staff costs, depreciation and other operating expenses, including commissions payable. Staff costs and operating expenses are recognised on an accruals basis. The depreciation policy for tangible fixed assets is described below.

Foreign currency translation

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the functional and presentational currency of the Company.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions are recorded at the rates ruling at the time of the transaction. The exchange differences are dealt with through the income statement.

Bridgewell Group Limited **(formerly Bridgewell Group plc)**

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

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment comprise fixtures, fittings and office equipment for the Company's own use. These are written off on a straight line basis to their residual value over their expected useful lives as follows:

Leasehold improvements – over the period of the lease

Computer equipment – over three to five years

Office equipment – over four years

Residual values, including any impairment, and useful lives are reviewed, and adjusted where appropriate, on an annual basis.

Intangible assets

Intangible assets comprise computer software and are stated at cost less accumulated amortisation and any recognised impairment loss.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

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. However, the 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 accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability settled. Deferred income 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.

Pension commitments

The company makes defined contributions to employees' approved personal pension plans, and the costs of these are expensed as incurred.

Trade receivables and trade payables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the income statement within administrative expenses.

Trade payables are stated at their nominal value.

Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Reorganisation costs

Reorganisation costs include those costs associated with the takeover of the Company by Landsbanki Securities (UK) Limited during the year. The comparatives relate to the costs of reorganising the business of R W Baird following its acquisition in 2005.

2. Segmental information

All revenue was generated in the United Kingdom.

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

3. Staff costs

The average number of staff employed by the Company including executive directors within each category of persons was

Employee Numbers

	Year ended 31 Dec 2007 No	Year ended 31 Dec 2006 No
Administration staff	16	22
	<u>16</u>	<u>22</u>

Costs incurred in respect of employees

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
Wages and salaries	755	1,631
Social security costs	97	202
Other pension costs and insurances	47	164
	<u>899</u>	<u>1,997</u>

Emoluments of directors

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
Emoluments (excluding pension contributions)	384	1,535
Company pension contributions to a money purchase scheme	18	106
	<u>402</u>	<u>1,641</u>

	As at 31 Dec 2007 No.	As at 31 Dec 2006 No.
Number of directors who are members of a defined contribution pension scheme	-	7
Number of directors who received awards under long-term incentive schemes	-	3

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

3 Staff costs (cont)

Emoluments of directors (continued)

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
Highest paid director's remuneration	241	457
Aggregate of emoluments (excluding pension contributions)	18	19
Company pension contribution to money purchase scheme		
	<u>259</u>	<u>476</u>

There are considered to be no key management personnel apart from the directors

4 Operating (loss)/profit

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
The operating (loss)/profit is shown after charging		
Depreciation – owned assets	644	364
Amortisation	81	96
Loss on disposal of fixed assets	3,320	-
Auditors' remuneration – audit of the financial statements of the Company	-	60
Auditors' remuneration – tax services	-	44
Auditors' remuneration – other audit services	-	340
	<u></u>	<u></u>

The 2007 auditors' remuneration of £5,000 for the audit of the financial statements of the Company was paid and borne by Landsbanki Securities (UK) Limited

5 Finance and similar income

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
Interest received on deposits and loans to financial institutions	124	390
Interest received from group undertakings	66	-
	<u>190</u>	<u>390</u>

6. Finance costs

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
Interest payable on bank loans and overdrafts	59	417
	<u>59</u>	<u>417</u>

Ladgewell Group Limited
(formerly Bridgewell Group plc)

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

7. Income tax credit on (loss)/profit on ordinary activities

i) Analysis of tax credit on ordinary activities

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
Current tax		
United Kingdom corporation tax at 30% (2006 30%) based on the (loss)/profit for the year	-	66
Taxation on (loss)/profit on ordinary activities	-	66

ii) Factors affecting tax charge for the current period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 30% (2006 30%)
The differences are explained below

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
(Loss)/profit on ordinary activities before tax	(8,945)	34
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(2,684)	10
Effects of Expenses not deductible for tax purposes	2,684	56
Current tax charge for the period	-	66

8. Investments

	2007 £'000	2006 £'000
Investments in subsidiary undertakings at cost		
At 1 January	22,004	22,004
Disposal of Bridgewell Limited	(20,754)	-
At 31 December	1,250	22,004

The Company's subsidiaries at 31 December 2007 were

Name of subsidiary	Principal activity	Country of registration and operation	Shareholding
Bridgewell Securities Limited	Non-trading	England	100%
Bridgewell Corporate Holdings Limited	Non-trading	England	100%
Bridgewell Inc	Non-trading	USA	100%

During the year, Landsbanki Securities (UK) Limited acquired the Company's investment in Bridgewell Limited. This company is now a 100% subsidiary of Landsbanki Securities (UK) Limited and its details are disclosed in that company's financial statements.

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

9 Amounts due from group undertakings

	2007 £'000	2006 £'000
Amounts due from group undertakings	1,750	1 750

The amounts due from related undertakings relate to long-term subordinated loans between the Company and Bridgewell Limited and Bridgewell Securities Limited. Both loans expire on 5 December 2009 although any amounts drawn under the agreement can be repaid to the lender at any time by the Company subject to prior written consent from the Financial Services Authority, which has the right under the agreement to refuse to consent to repayment. The £750,000 (2006 £750,000) loan with Bridgewell Securities Limited, and the £1,000,000 (2006 £1,000,000) loan with Bridgewell Limited give rise to interest at base rate plus 25 basis points. No interest was charged in 2006. These amounts have not been impaired during the year.

10 Intangible assets

	Computer software £'000
Cost	
At 1 January 2007	535
Reclassification of assets	(30)
Additions	23
Disposals	(528)
At 31 December 2007	-
Depreciation	
At 1 January 2007	227
Charge for the year	81
Released on disposal	(308)
At 31 December 2007	-
Net Book Value	
At 31 December 2007	-
At 31 December 2006	308

The reclassification above relates to the correction of a misclassification of leasehold improvements in 2007. The opposite side of this is reflected in note 11.

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

11 Property, plant and equipment

	Property, plant and equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 January 2007	2 680	1 345	4 025
Reclassification of assets	(958)	988	30
Additions	868	1 028	1 896
Disposals	(2,590)	(2,752)	(5 342)
Transferred to group undertaking	-	(609)	(609)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	-	-
Depreciation			
At 1 January 2007	948	725	1,673
Charge for the year	220	424	644
Released on disposal	(1,168)	(1,074)	(2,242)
Transferred to group undertaking	-	(75)	(75)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	-	-
Net Book Value			
At 31 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2006	1,732	620	2,352
	<hr/>	<hr/>	<hr/>

See note 10 in relation to the reclassification of fixed assets

12. Trade and other receivables

	2007 £'000	2006 £'000
Counterparty receivables	-	6,378
Amounts due from group undertakings	28,715	701
	<hr/>	<hr/>
	28,715	7,079
	<hr/>	<hr/>

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

13. Cash and cash equivalents

	2007 £'000	2006 £'000
Sterling at banks	-	10,524
	<hr/>	<hr/>

Cash and cash equivalents comprise cash held by the Company and include an amount of £nil (2006 £588,000) which is held specifically to meet the obligations arising in respect of the lease obligations on the Group's premises. This amount is subject to a legal charge held by the Group's landlord.

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

14 Borrowings

	2007 £'000	2006 £'000
Bank borrowings – repayable on demand or within one year	-	5 000

15 Trade and other payables

	2007 £'000	2006 £'000
Other payables	-	7,758

16. Share capital

	2007 £	2006 £
Authorised:		
100,000,000 (2006 100,000,000) ordinary shares of 0 001p each	1,000	1,000
18,900,000 (2006 18,900,000) ordinary B shares of 0 001p each	189	189
5,013,895,120 (2006 5,000,000,000) deferred shares of 0 001p each	50,139	50,000
	<u>51,328</u>	<u>51,189</u>
Issued, allotted, called up and fully paid:		
57,984,343 (2006 41,218,277) ordinary shares of 0 001p each	580	412
192,940 (2006 18,707,060) ordinary B shares of 0 001p each	2	187
5,013,895,120 (2006 5,000,000,000) deferred shares of 0 001p each	50,139	50,000
	<u>50,721</u>	<u>50,599</u>

i) Ordinary B shares

On 9 August 2007, 16,766,066 ordinary B shares of 0 001p each were converted into ordinary shares of 0 001p each by the Company. A further 1,748,054 ordinary B shares of 0 001p each were repurchased by the Company and remain unissued.

These B shares are convertible to ordinary shares upon certain events, including a change of control. B shares are converted to ordinary shares where the holder pays an additional premium of an amount equal to the nominal value of an ordinary share less the nominal value of a B share plus a premium amount equal to the difference between the nominal and market value of an ordinary share at the date of issue of the relevant B share. B shares carry no voting right or entitlement to dividends until such time as they are converted to ordinary shares.

ii) Deferred shares

On 9 August 2007, shareholders passed a resolution to increase the authorised share capital of the Company by the creation of 13,895,120 deferred shares of 0 001p each. These were all subsequently issued at par value.

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

17. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2007	31 623	(603)	31 020
Retained loss for the year	-	(8,945)	(8,945)
Transfer to group undertaking	-	9,589	9 589
At 31 December 2007	<u>31 623</u>	<u>41</u>	<u>31 664</u>

18 Capital commitments

	2007 £'000	2006 £'000
Expenditure contracted for but not provided in these accounts	<u>-</u>	<u>1,193</u>

19. Cash (used in)/generated from operations

	Year ended 31 Dec 2007 £'000	Year ended 31 Dec 2006 £'000
(Loss)/profit for the year	(8,945)	100
Adjustments for		
Depreciation	644	364
Amortisation	81	96
Loss on disposal of fixed assets	3,320	-
Taxation	-	(66)
Finance income	(190)	(390)
Finance costs	59	417
Changes in working capital		
Transfer to Landsbanki Securities (UK) Limited	28,450	-
Increase in trade and other receivables	(21,636)	(3,739)
(Decrease)/increase in trade and other payables	(7,758)	3,355
Cash (used in)/generated from operations	<u>(5,975)</u>	<u>137</u>

20. Related parties

At the year-end, there were outstanding balances with related parties as follows

Related Party	Receivable £000
Landsbanki Securities (UK) Limited	28,627
Bridgewell Inc	47
Bridgewell Securities Limited	18
Bridgewell Limited	<u>23</u>

Details of the subordinated loans between the Company and its subsidiaries are disclosed in note 9

Details of amounts paid to directors are disclosed in note 3

Bridgewell Group Limited
(formerly Bridgewell Group plc)

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

21 Business combinations

On 10 August 2007 Landsbanki Securities (UK) Limited a company incorporated in the United Kingdom acquired 100% of the share capital of Bridgewell Group Limited. On this date the majority of the assets and liabilities of the Company were transferred into Landsbanki Securities (UK) Limited at their fair value. The purchase consideration comprised no cash and was wholly share based.

The assets and liabilities of Bridgewell Group Limited as at 10 August 2007 were as follows:

	Fair value £'000	Carrying value £'000
Property, plant and equipment	534	3,812
Investment in Bridgewell Securities Limited	1,250	1,250
Trade and other receivables	7,181	12,936
Cash and cash equivalents	2,573	2,573
Trade and other payables	(10,206)	(10,206)
Net assets disposed of	<u>1,332</u>	<u>10,365</u>

22 Parent companies

The immediate parent undertaking is Landsbanki Securities (UK) Limited, a company incorporated in England and Wales. Following the takeover of the Bridgewell group of companies during the year, the ultimate parent and controlling entity of the Company 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.