

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

2009

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**Bankhall Investment Finance Limited**  
Registered in England No. 04719160

# **Bankhall Investment Finance Limited**

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# **Bankhall Investment Finance Limited**

## **COMPANY INFORMATION**

### **Directors**

P Mann

### **Bankers**

Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

Lloyds TSB Bank plc  
25 Gresham Street  
London  
EC2V 7 HN

### **Registered office**

Skandia House  
Portland Terrace  
Southampton  
Hampshire  
SO14 7EJ

Telephone 023 8033 4411

Registered in England No 04719160

# **Bankhall Investment Finance Limited**

## **DIRECTORS' REPORT**

The directors present their report and financial statements for the period ended 31 December 2009

## **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company in the year under review was that of the assessment, administration and monitoring of loans to the IFA marketplace

The loss for the year, after taxation, amounted to £3,240 (2008 £1,491)

The directors made the decision to close the operation to new business on 27th August 2004 and as such there have been no loans issued since that date. The company is therefore not trading, however it is still actively operating the loans previously entered into. The directors are satisfied with the results for the year and the company's position at the year end.

## **DIRECTORS**

The directors of the company during the year were as follows

M J Gordon	(resigned 15 October 2009)
S T Lloyd	(appointed 15 October 2009, resigned 12 February 2010)
P Mann	
N H Poyntz-Wright	(appointed 15 October 2009, resigned 30 June 2010)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

By order of the board



P Mann  
Director  
22 September 2010

# Bankhall Investment Finance Limited

## INCOME STATEMENT

for the year ended 31 December 2009

	Notes	2009 £	2008 £
<b>REVENUE</b>			
Finance income	5	<u>207</u>	<u>2,138</u>
<b>Total revenue</b>		<b>207</b>	<b>2,138</b>
<b>EXPENSES</b>			
Administrative expenses		<u>(3,795)</u>	<u>(3,629)</u>
<b>Total expenses</b>		<b>(3,795)</b>	<b>(3,629)</b>
<b>PROFIT BEFORE TAX</b>		<b>(3,588)</b>	<b>(1,491)</b>
Tax	6	348	-
<b>PROFIT AFTER TAX</b>		<b><u>(3,240)</u></b>	<b><u>(1,491)</u></b>

A separate statement of comprehensive income has not been included as there are no items of other comprehensive income, and therefore, no difference to the income statement result would be shown

## Bankhall Investment Finance Limited

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

	Share capital £	Retained loss £	Total equity holders' funds £
<b>Balance at 1 January 2008</b>	1,000,000	(794,865)	205,135
Loss for the year	-	(1,491)	(1,491)
<b>Balance at 1 January 2009</b>	1,000,000	(796,356)	203,644
Loss for the year	-	(3,240)	(3,240)
<b>Balance at 31 December 2009</b>	1,000,000	(799,596)	200,404

# Bankhall Investment Finance Limited

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

	Notes	2009 £	2008 £
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Other receivables	7	176	-
Cash and cash equivalents	8	200,228	208,142
<b>Total assets</b>		<u>200,404</u>	<u>208,142</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,000,000	1,000,000
Retained loss		(799,596)	(796,356)
<b>Total equity attributable to equity holders</b>		<u>200,404</u>	<u>203,644</u>
<b>CURRENT LIABILITIES</b>			
Other payables	10	-	4,498
<b>Total liabilities</b>		<u>-</u>	<u>4,498</u>
<b>Total equity and liabilities</b>		<u>200,404</u>	<u>208,142</u>

For the year ended 31 December 2009 the company was entitled to exemption from audit under section 477 of the Companies Act 2006

The directors acknowledge their responsibilities for

- a) ensuring the company keeps accounting records which comply with Section 386, and
- b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its income statement for the financial year in accordance with Section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

Approved by the Board of Directors on 22 September 2010 and signed on its behalf by

P Mann  
Director

Company registered number 04719160

## Bankhall Investment Finance Limited

### STATEMENT OF CASH FLOWS

for the year ended 31 December 2009

	2009 £	2008 £
<b>OPERATING ACTIVITIES</b>		
Cash used in operations	(8,121)	(10,705)
Tax paid	-	(450)
<b>Net cash used in operating activities</b>	<u>(8,121)</u>	<u>(11,155)</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	<u>207</u>	<u>2,138</u>
<b>Net cash from investing activities</b>	<u>207</u>	<u>2,138</u>
<b>Decrease in cash and cash equivalents</b>	(7,914)	(9,017)
Cash and cash equivalents at beginning of the period	<u>208,142</u>	<u>217,159</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>200,228</u></u>	<u><u>208,142</u></u>



# **Bankhall Investment Finance Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2009

### **1. GENERAL INFORMATION**

#### **General information**

Bankhall Investment Finance Limited ('the company') is a limited company incorporated in England & Wales. The address of its registered office is disclosed in the company information section on page 1. The principal activities of the company are disclosed in the directors' report.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements have been prepared on the historical cost basis and presented in sterling.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as noted below.

In these financial statements the following IFRSs which are effective for the first time (effective 1 January 2009), have been implemented:

- Amendments to IAS 1 'Presentation of Financial Statements'
- Amendment to IFRS 7 'Improving Disclosures about Financial Instruments' - the amendments only change presentation and disclosures within the financial statements

#### **Future amendments not early adopted in the 2009 annual financial statements**

At the date of the authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the company, were issued but not yet effective and have not been early adopted in these financial statements:

- IFRS 9 'Financial Instruments' (effective 1 January 2013)

#### **Taxation**

The taxation charge is based on the taxable result for the year. The taxable result for the year is determined in accordance with the rules established by the taxation authorities for calculating the amount of corporation tax payable.

Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between reported and tax values of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### **Other receivables**

Other receivables are not interest bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

# **Bankhall Investment Finance Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2009

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Other payables**

Trade and other payables are not interest bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value

### **3 FINANCIAL INSTRUMENT RISK**

#### **Risk Management Framework**

The company has adopted the enterprise risk management framework of the Skandia UK group

The enterprise risk management framework for the company is articulated by reference to three key areas

- Culture, leadership and setting the right tone,
- Risk identification and the management cycle, and
- The demonstration of our effective risk management by outcomes evidenced through reports and analysis

Culture, leadership and tone comprises the following components

- Appropriate board and committee structures with defined terms of reference,
- Defined delegated authority limits and decision matrices,
- Strategic and operational plans, and
- The suite of policies which set out the limits of exposure in respect of each risk area

The risk identification and management cycle is the process by which the company identifies and evaluates risk, plans and implements strategic initiatives, controls exposures and monitors outcomes

Demonstration of the effectiveness of risk management is evidenced through

- Analysis of progress against plans using key performance indicators and key risk indicators, and
- Regular reports on risks and issues

Skandia has established risk policies for the key risks associated with the business. These cover the UK Financial Services Authority ("FSA") defined risk categories of group, credit, insurance, liquidity, operational and market risk. The policies are reviewed annually as part of the Risk Appetite review. Each component risk is assigned a risk owner at director level who is responsible for the ongoing monitoring, risk mitigation and execution of appropriate action plans.

The material risks faced by the company are described below

#### **Credit risk**

The company is exposed to limited credit risk. The company's principal assets are bank balances and cash.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Market risk**

The company is exposed to minimal market risk.

#### **Liquidity risk**

The company is exposed to minimal liquidity risk as all its bank accounts are available on demand and sufficient to meet day-to-day outgoings. There are no borrowings.

# Bankhall Investment Finance Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

### 4. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The company's directors are remunerated by Skandia Life Business Services Limited, a fellow subsidiary services undertaking of the intermediate holding company Old Mutual Wealth Management Limited (OMWML), previously known as Skandia UK Holdings Limited. Remuneration of directors is disclosed in the major trading entities of the OMWML group, as these are the only entities that utilise significant levels of activity of those directors. Accordingly no remuneration is shown in these financial statements.

### 5. FINANCE INCOME

	2009 £	2008 £
Deposit account interest	207	2,138

### 6. TAX

	2009 £	2008 £
Current year corporation tax charge	(473)	-
Prior year corporation tax charge	125	-
Total tax credit in the income statement	(348)	-
Loss on ordinary activities before tax	(3,588)	(1,491)
Tax charge based on applicable tax rate, 28% (2008 28.5%)	(1,005)	(425)
Effect of		
Capital Allowances in excess of depreciation	(21)	(27)
Group relief	-	452
Movement in unprovided deferred tax asset	553	-
Adjustments to tax charge in respect of previous periods	125	-
Total tax	(348)	-

A deferred tax asset of £19,794 (2008 £19,239) in respect of tax losses of £70,693 (2008 £67,504) carried forward has not been recognised because there is uncertainty as to the expected timing of relief for these tax losses.

### 7. OTHER RECEIVABLES

	2009 £	2008 £
Tax receivable	176	-

The directors consider that the carrying amount of other receivables approximates to their fair value.

### 8. CASH AND CASH EQUIVALENTS

	2009 £	2008 £
Cash at bank	200,228	208,142

The carrying amount of cash and cash equivalents approximates to their fair value.

# Bankhall Investment Finance Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

### 9. CALLED UP SHARE CAPITAL

	2009 £	2008 £
<b>Authorised:</b>		
1,500,000 (2008 1,500,000) ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
<b>Allotted, called up and fully paid:</b>		
1,000,000 (2008 1,000,000) ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### 10. OTHER PAYABLES

	2009 £	2008 £
Amounts due to fellow subsidiary undertakings	-	875
Accruals	-	3,623
	<u>-</u>	<u>4,498</u>

The directors consider that the carrying amount of other payables approximates to their fair value

### 11. RELATED PARTY DISCLOSURES

Prior to the sale of Bankhall in October 2009, the company paid management charges to Bankhall Investment Associates Limited for the provision of administrative services for the period

Amounts due to group undertakings as at 31 December 2009 are included in note 10

Amounts due in respect of current tax receivable as at 31 December 2009 are included within note 7

Details of transactions with key management personnel are provided in note 4

# **Bankhall Investment Finance Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2009

### **12. GUARANTEES AND PROVISIONS FOR LIABILITIES**

On 18 June 2003, Bankhall Investment Finance entered into an agreement with the Bank of Scotland to act as guarantor for a £30m term facility which was in place until 31 July 2006

Norwich Union Life Holdings Limited and Skandia UK Limited have provided joint and several guarantees amounting to £15m to cover material losses arising from default by borrowers. The Bank of Scotland has not called upon these guarantees to date

Under the terms of the agreement Bankhall Investment Finance Limited introduced organisations of Independent Financial Advisers (IFAs) requiring funding to the Bank of Scotland. The loans were advanced by the Bank of Scotland directly to the IFA organisation with Bankhall Investment Finance Limited providing a full guarantee to the Bank of Scotland in the event of loan defaults by the IFA organisation. This arrangement closed to new business on 31 July 2006

As at 31 December 2008 there were two outstanding loans totalling £74,511 which were owed to the Bank of Scotland by various IFA organisations. Both of these loans were fully repaid at 31 May 2009 and no new loans have been issued post year end. Therefore Bankhall Investment Finance Limited no longer has any outstanding liability as guarantor in the event of loan defaults by the IFA organisations

### **13. ULTIMATE PARENT COMPANY**

In the directors' opinion the company is a joint venture between the following principals

- Norwich Union Life Holdings Limited, 8 Surrey Street, Norwich, Norfolk, NR1 3NG
- Skandia UK Limited, Skandia House, Portland Terrace, Southampton, Hampshire, SO14 7EJ
- Skandia Life Assurance (Holdings) Limited, Portland Terrace, Southampton, Hampshire, SO14 7EJ

and therefore does not have an immediate or ultimate parent company