

Registered number: 05370063

Kaupthing Holdings UK Limited

Director's report and financial statements

for the year ended 31 December 2013

FRIDAY



L381FKGQ

LD7

16/05/2014

#100

COMPANIES HOUSE

Kaupthing Holdings UK Limited

Company Information

Director	Mr J Johannsson
Registered number	05370063
Registered office	43 - 44 New Bond Street 4th Floor London United Kingdom W1S 2SA
Independent auditors	Haines Watts New Derwent House 69-73 Theobalds Road London WC1X 8TA

Kaupthing Holdings UK Limited

Contents

	Page
Strategic report	1
Director's report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 15

Kaupthing Holdings UK Limited

Strategic report for the year ended 31 December 2013

Business review

The principle risks and uncertainties affecting an investment holding company are that the value of its investments may be adversely affected by a variety of factors

In 2008, a significant event occurred which has affected the company's liquidity. Kaupthing Singer & Friedlander Limited, the company's banker, was placed into administration on 8 October 2008 which resulted in the bank account of the company held with Kaupthing Singer & Friedlander being frozen. Since October 2008, the company has been accepted as a non-preferential unsecured creditor, in respect of its claims relating to cash deposits and tax, in the administration of Kaupthing Singer & Friedlander Limited. To date, Kaupthing Singer & Friedlander Limited have distributed dividends in an aggregate amount of 81.5p in the £. The administrators to Kaupthing Singer & Friedlander Limited have indicated in their progress report to 7 October 2013 that they estimate the total distributions to be at a minimum of 85p in the £, although the final amount could be higher or lower if significant issues arise. Accordingly, the director is of the opinion that further cash will be recoverable in the administration of Kaupthing Singer & Friedlander Limited.

The sole purpose of the company in the future is to recover funds due to it from Kaupthing Singer & Friedlander Limited and to preserve its total assets for the benefit of the company's creditors. The company's largest creditor is Kaupthing Finance ehf who has provided certain intercompany loans which are due in 2015. In the 2013 financial year, discussions began between the company and Kaupthing Finance ehf to consider the best strategy to restructure such loans. At the date of signing these financial statements, due to the complexities surrounding the restructuring of such loans, no agreement has yet been reached and is unlikely to happen in the next several months. Given that the director does not believe that the company will have significant imminent liabilities, the director believes that the company will remain a going concern for the next twelve months from the date of this report.

This report was approved by the board on 07 May 2014 and signed on its behalf


Mr J. Johannsson
Director

Kaupthing Holdings UK Limited

Director's report for the year ended 31 December 2013

The director presents his report and the financial statements for the year ended 31 December 2013

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Principal activities

The principal activity of Kaupthing Holdings UK Limited is to hold an investment in Kaupthing Group UK Limited. It is currently envisaged that Kaupthing Group UK Limited will be placed into liquidation in the next couple of months.

Results and dividends

The loss for the year, after taxation, amounted to £8,312 thousand (2012 - loss £10,548 thousand)

The director does not recommend the payment of a dividend.

Directors

The director who served during the year was

Mr J Johannsson

Kaupthing Holdings UK Limited

**Director's report
for the year ended 31 December 2013**

Disclosure of information to auditors


The director at the time when this Director's report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Under section 487(2) of the Companies Act 2006, Haines Watts will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on **07 May 2014** and signed on its behalf


Mr J Johannsson
Director

Kaupthing Holdings UK Limited

Independent auditors' report to the shareholders of Kaupthing Holdings UK Limited

We have audited the financial statements of Kaupthing Holdings UK Limited for the year ended 31 December 2013, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This 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 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 director and auditors

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Qualified opinion on financial statements arising from non consolidation of group companies

The company has not produced consolidated accounts reflecting the results of its main subsidiary Kaupthing Singer & Friedlander Limited and other group companies despite the requirement for large groups to prepare them in accordance with the Companies Act 2006. Kaupthing Singer & Friedlander Limited went into administration on 8 October 2008 and no financial statements are available for that company for the year ended 31 December 2013.

Except for the necessary adjustments that would have been introduced in the financial statements to reflect the financial performance and position of the subsidiary companies of Kaupthing Holdings UK Limited, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Kaupthing Holdings UK Limited

Independent auditors' report to the shareholders of Kaupthing Holdings UK Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Matthew Perry (Senior statutory auditor)

for and on behalf of
Haines Watts

Chartered Accountants and Statutory Auditors

New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

8 May 2014

Kaupthing Holdings UK Limited

**Profit and loss account
for the year ended 31 December 2013**

	Note	2013 £000	2012 £000
Administrative expenses		(22)	15
Operating (loss)/profit		(22)	15
Exceptional items	5	444	210
Profit on ordinary activities before interest		422	225
Interest receivable and similar income		20	23
Interest payable and similar charges	4	(8,754)	(10,796)
Loss on ordinary activities before taxation		(8,312)	(10,548)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	12	(8,312)	(10,548)

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 9 to 15 form part of these financial statements

Kaupthing Holdings UK Limited
Registered number 05370063

Balance sheet
as at 31 December 2013

	Note	£000	2013 £000	£000	2012 £000
Fixed assets					
Investments	7		13,819		13,431
Current assets					
Debtors	8	221		471	
Cash at bank		4,497		4,490	
		<u>4,718</u>		<u>4,961</u>	
Creditors , amounts falling due within one year	9	(67)		(364)	
Net current assets			<u>4,651</u>		<u>4,597</u>
Total assets less current liabilities			<u>18,470</u>		<u>18,028</u>
Creditors , amounts falling due after more than one year	10		(295,202)		(286,448)
Net liabilities			<u>(276,732)</u>		<u>(268,420)</u>
Capital and reserves					
Called up share capital	11		308,500		308,500
Profit and loss account	12		(585,232)		(576,920)
Shareholders' deficit	13		<u>(276,732)</u>		<u>(268,420)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


Mr J Johannsson
Director

The notes on pages 9 to 15 form part of these financial statements

Kaupthing Holdings UK Limited

**Cash flow statement
for the year ended 31 December 2013**

	Note	2013 £000	2012 £000
Net cash flow from operating activities	14	(13)	(15)
Returns on investments and servicing of finance	15	20	23
Increase in cash in the year		<u>7</u>	<u>8</u>

**Reconciliation of net cash flow to movement in net funds/debt
for the year ended 31 December 2013**

	2013 £000	2012 £000
Increase in cash in the year	<u>7</u>	<u>8</u>
Movement in net debt in the year	<u>7</u>	<u>8</u>
Net funds at 1 January 2013	4,490	4,482
Net funds at 31 December 2013	<u>4,497</u>	<u>4,490</u>

The notes on pages 9 to 15 form part of these financial statements

Kaupthing Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to the revaluation of investments

The financial statements are drawn up in accordance with the Companies Act 2006. The financial statements are prepared on a going concern basis. The director does not believe that the company will have significant imminent liabilities and therefore believes that the company will remain a going concern for the next twelve months from the date of signing these financial statements. The company, in respect of its claims relating to cash deposits and tax, has been accepted as a non-preferential unsecured creditor in the administration of Kaupthing Singer & Friedlander Limited. The administrators of Kaupthing Singer & Friedlander Limited have made a public statement in October 2013 that the likely minimum dividend distribution in its administration to non-preferential unsecured creditors is 85p in the £. As such, the director believes that further dividends in respect of its claims will be recovered from the administration of Kaupthing Singer & Friedlander Limited of which to date an aggregate of 81.5p in the £ has been made. It is important to note that the ultimate dividend outcome of and the timing of the conclusion of the administration of Kaupthing Singer & Friedlander Limited is not currently known.

The company ceased trading on the date of the administration to Kaupthing Singer & Friedlander Limited, and the director is not incurring any new liabilities on behalf of the company other than those required as a result of the company's continuing registration. The director is of the opinion that such small term costs should be incurred to preserve the total assets for the benefit of the company's creditors.

As a result of two intercompany loans, the company's largest creditor is Kaupthing Finance ehf. The director of the company is in frequent contact with the director of Kaupthing Finance ehf and is operating to preserve value for the creditors of the company. Kaupthing Finance ehf has confirmed that it will not demand payment or repayment of interest or principal under such loans for a period of twelve months from the date of signing these financial statements.

Additionally, as the two intercompany loans are due for full repayment in 2015 and it is currently predicted that the company is unlikely to be able to make such repayment in full in 2015, Kaupthing Finance ehf and the company have started investigating the restructuring options on such loans with a view to maximising the return to Kaupthing Finance ehf. These initial discussions have indicated that the director of Kaupthing Finance ehf is keen to continue to provide the support required.

To date, due to the uncertainty over the outcome of the above-mentioned factors the director of the company will continue to monitor all developments and accordingly, review his decisions as contained in these financial statements.

As a result of the administration of its indirect subsidiary Kaupthing Singer & Friedlander Limited the company has not provided consolidated results.

1.2 Investments

Investments in subsidiaries are accounted for by equity method where value is derived from subsidiaries' net assets.

Kaupthing Holdings UK Limited

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

1.3 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Auditors' remuneration

	2013 £000	2012 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	8	7
Fees payable to the company's auditor and its associates in respect of		
All other non-audit services not included above	2	2

3. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2012 - £NIL)

4. Interest payable

	2013 £000	2012 £000
Loans from group undertakings	8,754	10,796

5. Exceptional items

	2013 £000	2012 £000
Revaluation against investments	388	126
Revaluation on cash	56	84
	444	210

With the company's main subsidiary of the group looking to be placed in liquidation during the next couple of months, the exceptional items represents the movement in the recoverable amount of certain assets held with that company.

Kaupthing Holdings UK Limited

**Notes to the financial statements
for the year ended 31 December 2013**

6 Taxation

	2013	2012
	£000	£000
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - *higher than*) the standard rate of corporation tax in the UK of 26% (2012 - 26%) The differences are explained below

	2013	2012
	£000	£000
Loss on ordinary activities before tax	(8,312)	(10,548)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2012 - 26%)	(2,161)	(2,742)
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,161	2,742
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

No deferred tax asset recognised in respect of losses as uncertain when company will earn profits to utilise tax losses

7 Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2013	13,431
Revaluations - Group shares	388
At 31 December 2013	13,819
Net book value	
At 31 December 2013	13,819
At 31 December 2012	13,431

Kaupthing Holdings UK Limited

Notes to the financial statements for the year ended 31 December 2013

7. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Kaupthing Group UK Limited	Ordinary	100%
Wintrust Limited *	Ordinary	100%
Singer & Friedlander Holdings Limited *	Ordinary	100%

The unaudited aggregate of the share capital and reserves as at 31 December 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Kaupthing Group UK Limited	13,819	212
Wintrust Limited *	-	-
Singer & Friedlander Holdings Limited *	-	-

* The companies are currently in liquidation and therefore no financial information is available

8 Debtors

	2013 £000	2012 £000
Other debtors	221	471

9. Creditors. Amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	43	350
Accruals	24	14
	67	364

Kaupthing Holdings UK Limited

**Notes to the financial statements
for the year ended 31 December 2013**

10 Creditors.
Amounts falling due after more than one year

	2013	2012
	£000	£000
Amounts owed to group undertakings	295,154	286,400
Accruals and deferred income	48	48
	<u>295,202</u>	<u>286,448</u>

11 Share capital

	2013	2012
	£000	£000
Authorised, allotted, called up and fully paid		
308,500,000 Ordinary shares of £1 each	<u>308,500</u>	<u>308,500</u>

12 Reserves

	Profit and loss account £000
At 1 January 2013	(576,920)
Loss for the financial year	(8,312)
	<u>(585,232)</u>
At 31 December 2013	<u>(585,232)</u>

13 Reconciliation of movement in shareholders' deficit

	2013	2012
	£000	£000
Opening shareholders' deficit	(268,420)	(257,872)
Loss for the financial year	(8,312)	(10,548)
	<u>(276,732)</u>	<u>(268,420)</u>
Closing shareholders' deficit	<u>(276,732)</u>	<u>(268,420)</u>

Kaupthing Holdings UK Limited

**Notes to the financial statements
for the year ended 31 December 2013**

14. Net cash flow from operating activities

	2013 £000	2012 £000
Operating (loss)/profit	(22)	15
Exceptional non cash item	56	84
Decrease in debtors	250	619
Decrease in creditors	(297)	(733)
Net cash outflow from operating activities	(13)	(15)

15 Analysis of cash flows for headings netted in cash flow statement

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	20	23

16. Analysis of changes in net funds

	1 January 2013 £000	Cash flow £000	Other non-cash changes £000	31 December 2013 £000
Cash at bank and in hand	4,490	7	-	4,497
Net funds	4,490	7	-	4,497

Kaupthing Holdings UK Limited

**Notes to the financial statements
for the year ended 31 December 2013**

17. Related party transactions

(i) The Company has a £1,033,820 (2012 £1,341,172) cash balance with Kaupthing Singer & Friedlander Limited (in administration), a subsidiary of a subsidiary. A provision of £838,233 has been raised against the cash balance (which amounts to 15% of the cash balance after allowable deduction) held with Kaupthing Singer & Friedlander Limited (in administration)

(ii) The company has intercompany balances outstanding with Kaupthing Finance ehf amounting to £295,153,743 (2012 £286,399,990). During the year interest of £8,753,568 (2012 £10,796,208) has been charged on this balance.

(iii) The company has an intercompany balance outstanding with Kaupthing hf amounting to £25,429 (2012 £23,619) as debtor.

(iv) The company has a cash balance of £4,496,528 (2012 £4,489,568) with Arion Bank.

18. Controlling party

The company's ultimate parent company is Kaupthing hf, a company resident and incorporated in Iceland. Kaupthing hf is currently in winding up proceedings and the results of the company are no longer consolidated in the financial statements of the company's parent company.