

# **COLSTON NO. 1 PARENT LIMITED**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**



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# **COLSTON NO. 1 PARENT LIMITED**

## **CONTENTS**

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|   |           |
|---|-----------|
| COMPANY INFORMATION                         | Page<br>2 |
| DIRECTORS' REPORT                           | 3         |
| INDEPENDENT AUDITORS' REPORT TO THE MEMBERS | 5         |
| BALANCE SHEET                               | 7         |
| STATEMENT OF CHANGES IN EQUITY              | 8         |
| CASH FLOW STATEMENT                         | 9         |
| NOTES TO THE FINANCIAL STATEMENTS           | 10        |

**COLSTON NO. 1 PARENT LIMITED**

**COMPANY INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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**Board of Directors at 31 December 2009**

Capita Trust Corporate Limited  
Capita Trust Corporate Services Limited  
David Ross Baker

**Secretary and Registered Office**

Capita Trust Secretaries Limited  
7th floor  
Phoenix House  
18 King William Street  
London EC4N 7HE

**Registered Number** 6407357

**Independent Auditors**

PricewaterhouseCoopers LLP  
31 Great George Street  
Bristol BS1 5QD

## **COLSTON NO. 1 PARENT LIMITED**

### **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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The Directors present their report and audited financial statements for Colston No 1 Parent Limited ("the Company") for the year ended 31 December 2009

#### **Principal activity**

The Company's principal activity is to hold shares in Colston No 1 plc. The principal activity of Colston No 1 plc is the management of a portfolio of mortgage loans and the collection of payments of principal and interest on them, funded primarily by the issuance of debt securities in the form of floating rate notes ("Notes") to Bank of Ireland. All activities relate to residential mortgages in the United Kingdom, where both the Company and Colston No 1 plc are incorporated and domiciled.

#### **Business review and future developments**

The Company has not traded during the year (2008 did not trade). As a result no key performance indicator analysis is considered necessary. The directors do not consider the principal activity of the company will change in the nearest future.

#### **Subsequent events**

The Directors consider that subsequent events in the global and UK economies will not have a material effect on the Company.

#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **Directors and their interests**

Directors who served in office during the year are stated on page 2.

During the year, no Director held any interest in the shares of the Company. There is no requirement for the Directors to disclose their interest in shares in, or debentures of, any body corporate incorporated outside of Great Britain.

During the year, no Director or connected person had any interest in any contract of significance with the Company.

# **COLSTON NO. 1 PARENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2009

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### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are 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 Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, 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 are 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 them to ensure that the financial statements comply with the Companies Act 2006. 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 Company's data which is published on the Bank of Ireland Group website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Audit confirmation**

All Directors at the time of approving this report, confirm the following:

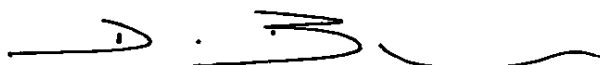
- (a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) each Director has taken all the steps he ought to have taken as a Director, in order to make himself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to stay in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board

For and on behalf of Capita Trust Corporate Limited



Director

24 Sept 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLSTON NO 1 PARENT LIMITED

We have audited the financial statements of Colston No 1 Parent Limited for the year ended 31 December 2009, which comprise the Balance Sheet, the Cash Flow statement, the Statement of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**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 directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its results and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLSTON NO 1 PARENT  
LIMITED (continued)

**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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Craig Gentle (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol



29 Sept 2010

**COLSTON NO. 1 PARENT LIMITED**  
**Registered number: 6407357**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2009**


|                                      | <b>Note</b> | <b>31 December<br/>2009<br/>£</b> | <b>31 December<br/>2008<br/>£</b> |
|--------------------------------------|-------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>                        |             |                                   |                                   |
| Investments                          | 4           | 50,000                            | 50,000                            |
| Cash and cash equivalents            |             | 2                                 | 2                                 |
| <b>Total assets</b>                  |             | <b>50,002</b>                     | <b>50,002</b>                     |
| <b>Equity and liabilities</b>        |             |                                   |                                   |
| Term loan                            | 5           | 12,502                            | 12,502                            |
| Trade and other payables             | 5           | 37,498                            | 37,498                            |
| <b>Total non-current liabilities</b> |             | <b>50,000</b>                     | <b>50,000</b>                     |
| <b>Equity</b>                        |             |                                   |                                   |
| Called up share capital              | 6           | 2                                 | 2                                 |
| <b>Total shareholders' equity</b>    |             | <b>2</b>                          | <b>2</b>                          |
| <b>Total equity and liabilities</b>  |             | <b>50,002</b>                     | <b>50,002</b>                     |

The Company did not trade in the current or previous year and therefore no movements were reported in the profit and loss account. The closing balance on the cumulative profit and loss account is £nil.

The notes on pages 10 to 13 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 24 September 2010 and signed on its behalf by

For and on behalf of Capita Trust Corporate Limited



Director  
24 Sept 2010



**COLSTON NO. 1 PARENT LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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|  | <b>Attributable to equity holders<br/>of the Company</b> |                      |
|--|--|----------------------|
|  | <b>Ordinary<br/>share capital</b>                        | <b>Total</b>         |
|  | <b>£</b>   | <b>£</b>             |
| Balance as at 31 December 2008                         | 2  | 2                    |
| Retained profit for the year ended 31<br>December 2009 | -  | -                    |
| Total recognised changes in equity                     | <hr/> -  | <hr/> -              |
| <b>Balance as at 31 December 2009</b>                  | <hr/> <b>2</b> <hr/>                                     | <hr/> <b>2</b> <hr/> |

The notes on pages 10 to 13 are an integral part of these financial statements

**COLSTON NO. 1 PARENT LIMITED****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2009**

|   | <b>Note</b> | <b>31 December<br/>2009</b> | <b>Period from<br/>incorporation<br/>to 31<br/>December<br/>2008</b> |
|---|-------------|-----------------------------|--|
|   |             | <b>£</b>                    | <b>£</b>   |
| <b>Cash flows from investing activities</b>           |             |                             |  |
| Acquisition of shares in subsidiary undertaking       | 4           | -                           | (12,502)   |
| <b>Net cash used in investing activities</b>          |             | -                           | (12,502)   |
| <b>Cash flows from financing activities</b>           |             |                             |  |
| Issuance of share capital                             | 6           | -                           | 2  |
| Increase in term borrowings                           | 5           | -                           | 12,502   |
| <b>Net cash generated from financing activities</b>   |             | -                           | 12,504   |
| <b>Net increase in cash and cash equivalents</b>      |             | -                           | 2  |
| Cash and cash equivalents at beginning of the year    |             | 2                           | -  |
| <b>Cash and cash equivalents at end of the period</b> |             | <b>2</b>                    | <b>2</b>   |

The notes on pages 10 to 13 are an integral part of these financial statements

## COLSTON NO. 1 PARENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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#### 1. Accounting policies

##### **General information**

The Company is a limited liability company incorporated and domiciled in United Kingdom. The address of its registered office is 7th Floor, Phoenix House, 18 King William Street, London, EC4N 7HE.

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared under the historical cost convention and on the going concern basis.

The Company's profit and loss account has not been included in these financial statements on the basis that the Company did not trade during the current or previous year and consequently made neither a profit nor a loss.

These financial statements are prepared as 'separate' financial statements in accordance with Section 394 of the Companies Act 2006 since the Company did not have any subsidiaries at 31 December 2009. The Company holds 99.9% of the share capital of Colston No 1 plc. However since that entity is controlled by The Governor and Company of the Bank of Ireland, it is not a subsidiary of the Company.

##### **Investments**

Investments are accounted for at cost.

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

Cash and cash equivalents comprise balances with banks which can be withdrawn on demand.

##### **Impact of new accounting standards**

**The following standards and amendments to standards have been adopted by the Company for the year ended 31 December 2009.**

**IAS 1 (amendment) Presentation of Financial Statements:** The revised standard amends the requirement for the presentation, structure and content of financial statements. The adoption of the revised standard does not change the recognition, measurement, or disclosure of specific transactions and events required by other standards. Adoption of this amendment has no impact on the financial results or the position of the Company.

**IFRS 7 (amendments) Financial Instruments - Disclosures:** The amendments introduce enhanced disclosures about fair value measurement and liquidity risk.

1) For fair value measurements of financial instruments which are measured on the balance sheet at fair value, a three level hierarchy has been introduced. These financial instruments are classified into one of these levels in their entirety, with the appropriate level in the hierarchy being determined on the basis of the lowest level input that is "significant" to the fair value measurement. In addition there are some specific quantitative disclosures required for financial instruments in the lowest level of the hierarchy. Adoption of this amendment has no impact on the financial results or the position of the Company.

## COLSTON NO. 1 PARENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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#### **Impact of new accounting standards (continued)**

2) The amendments in respect of liquidity risk clarify the scope of items to be included in the maturity analyses required by IFRS 7 by changing the definition of liquidity risk to include only financial liabilities that are settled by delivering cash or another financial instrument. The amendments also clarify the appropriate disclosure of derivative cash flows for the purpose of maturity analysis. The adoption of these amendments has had no impact on the liquidity risk disclosures provided by the Company.

**IFRS 8 Operating Segments:** IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. There is only one geographic segment and therefore there is no impact on this company.

#### **Impact of new accounting standards - accounting periods beginning on or after 1 January 2010**

The following standards, interpretations and amendments to standards will be relevant to the Company, but were not effective as at 31 December 2009 and have not been applied in preparing these financial statements.

**IAS 1 (amendment) Presentation of Financial Statements:** The amendment requires the entity to split financial instruments into current or non-current. Adoption of this amendment will have no impact on the financial results or the position of the Company.

**IAS 7 (amendment) Statement of Cash Flows:** The amendment clarified which expenditure can be classified as investing activities. Adoption of this amendment will have no impact on the financial results or the position of the Company.

#### **IAS 24 (amendment) Related Party Transactions: - (accounting periods beginning after 1 Jan 2011)**

The amendment simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. This amendment is still subject to EU endorsement. Adoption of this amendment will have no impact on the financial results or the position of the Company.

**IAS 39 (amendments) Financial Instruments - Recognition and measurement "Eligible Hedged item":** The amendments introduce 1) Additional disclosures on the re-classification of hedging derivatives into or out of the classification of at fair value through profit and loss. 2) Designating and documenting hedges at segment level. 3) Applicable effective interest rate on cessation of fair value hedge accounting. Adoption of these amendments has no impact on the financial results or the position of the Company.

## **2. Directors and employees**

The Directors received no remuneration (2008: £nil) and there were no employees during the year.

## COLSTON NO. 1 PARENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

#### 3. Auditors' remuneration

Auditors' remuneration of £1k (2008 £1k) for audit services provided has been borne by Colston No 1 plc

#### 4. Investments

|                      | 31<br>December<br>2009<br>£ | 31<br>December<br>2008<br>£ |
|----------------------|-----------------------------|-----------------------------|
| <b>Cost</b>          |                             |                             |
| Investment in shares | 50,000                      | 50,000                      |

Investment in shares represents the Company's shareholding in Colston No 1 plc, whose registered office is 7th floor, Phoenix House, 18 King William Street, London, EC4N 7HE

The Company has a 99.9% shareholding in Colston No 1 plc. The remaining ordinary share is held by the Company's parent company Capita Trust Nominees No 1 Limited as nominee of the Company under the terms of a share trust dated December 2007. Colston No 1 plc is controlled by The Governor and Company of the Bank of Ireland, and therefore it is not a subsidiary of the Company.

Colston No 1 plc's results are included within the consolidated financial statements of The Governor and Company of the Bank of Ireland, a company incorporated by Royal Charter and registered in the Republic of Ireland. Copies of the consolidated financial statements can be obtained from Bank of Ireland's Head Office in Lower Baginbun Street, Dublin 2.

#### 5. Non-current liabilities: Trade and other payables

|  | 31<br>December<br>2009<br>£ | 31<br>December<br>2008<br>£ |
|--|-----------------------------|-----------------------------|
| Other long-term loan                     | 12,502                      | 12,502                      |
| Share capital subscribed to but not paid | 37,498                      | 37,498                      |
|  | 50,000                      | 50,000                      |

The term loan is with the Trustee Company – Capita Trust Nominee No 1 Limited. Interest is due annually at the rate of LIBOR + 2%. Under the terms of the loan agreement the Company is only obliged to pay amounts owing to Capita Trust Nominee No 1 Limited to the extent of the sums received or recovered from Colston No 1 plc. There is no fixed repayment date.

Share capital subscribed to but not paid represents the amount still owed as at 31 December 2009 to Colston No 1 plc in respect of the 49,998 partly paid up £1 shares. 75p per share remains unpaid at the period end. The outstanding amount is not expected to be paid within 12 months of the balance sheet date.

# COLSTON NO. 1 PARENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

### 6. Share capital

|  | 31<br>December<br>2009<br>£ | 31<br>December<br>2008<br>£ |
|--|-----------------------------|-----------------------------|
| <b>Authorised<br/>Equity shares</b>                      |                             |                             |
| 100 Ordinary shares of £1 00 each                        | 100                         | 100                         |
| <b>Allotted, issued and fully paid<br/>Equity shares</b> |                             |                             |
| 2 Ordinary shares of £1 00 each                          | 2                           | 2                           |

### 7. Related parties

The Directors consider that the Company is related to its ultimate parent The Governor and Company of the Bank of Ireland, and to Capita Trust Nominees No 1 Limited

At the balance sheet date there were no amounts due from or owed by the Company to The Governor and Company of the Bank of Ireland (2008 £nil)

The entire issued share capital of the Company is held by Capita Trust Nominees No 1 Limited under the terms of a trust established under English law by a declaration of trust dated December 2007 for the benefit of certain charitable purposes

At the balance sheet date the Company has a term loan outstanding for £12,502 with Capita Trust Nominees No 1 Limited Interest is due annually starting 30th June 2009 at the rate of LIBOR + 2%, but only to the extent of sums received by the Company from Colston No 1 plc These sums are expected to be nil There is no fixed repayment date

### 8. Ultimate parent and controlling entity

The entire share capital of the Company is held by Capita Trust Nominees No 1 Limited, a company incorporated in the United Kingdom that holds its shares in Colston No 1 Parent Limited on a discretionary trust basis for certain charitable purposes

For accounting purposes, the Company's ultimate parent and controlling party is The Governor and Company of the Bank of Ireland Following the securitisation issue by Colston No 1 plc on 17 December 2007, effective control of the Company and Colston No 1 plc passed to The Governor and Company of the Bank of Ireland on that date

Under International Financial Reporting Standards the results of the Company and Colston No 1 plc are included in the consolidated financial statements of the Bank of Ireland Group These can be obtained from Bank of Ireland's Head Office in Lower Baggot Street, Dublin 2