

**Western Mortgage Services Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2007**

**Registered Number 3191608**

MONDAY



\*A8LD7YH2\*

A22

31/03/2008

211

COMPANIES HOUSE

# **Western Mortgage Services Limited**

## **Contents**

Directors and advisors	1
Directors' report for the year ended 31 December 2007	2
Independent auditors' report to the members of Western Mortgage Services Limited	5
Income statement for the year ended 31 December 2007	6
Balance sheet as at 31 December 2007	7
Statement of changes in equity for the year ended 31 December 2007	8
Cash flow statement for the year ended 31 December 2007	9
Statement of accounting policies for the year ended 31 December 2007	10
Notes to the financial statements for the year ended 31 December 2007	12

# **Western Mortgage Services Limited**

## **Directors and advisors**

### **Directors**

G Gregory (resigned 31 March 2008)

J Katovsky

P A Lee

D Tweedy

M G Lewis

### **Secretary**

J Trahair

### **Auditors**

PricewaterhouseCoopers LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

### **Registered Office**

The Moneycentre

Plymouth

PL1 1QH

### **Registered Number**

3191608

# Western Mortgage Services Limited

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

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

### Principal activities

The company was incorporated in the UK with the principal activity of the provision of mortgage administration services, primarily the administration of portfolios for the Britannia Building Society Group

### Review of business and future developments

During the year the company's income has increased as the assets under administration for the Britannia Building Society Group and third party clients has increased. The income is in line with managements' expectations. Both the performance of the business and the year end financial position were extremely satisfactory.

The external mortgage environment has become and is expected to remain challenging in 2008 with increasing pressure on mortgage completions, portfolio acquisitions and arrears levels, however we are confident that planned levels of performance will be achieved.

The year ahead will see continued investment in the development, contribution and satisfaction of our people as well as continuing to improve procedures and process efficiency.

As set out more fully in the Statement of accounting policies, these financial statements have been prepared under the current International Financial Reporting Standards (IFRS) framework as adopted by the EU. All financial information given in this Directors' report is taken solely from the statutory results prepared on the above basis.

### Key Performance Indicators (KPI's)

Measure	2007	2006	Comment
Customer Satisfaction	89%	88%	Targeted customer satisfaction continues at high levels (target for 2007 85%) based on bi annual representative survey results
Employee Engagement	93.9%	94.3%	Targeted employee engagement continues at high levels (target for 2007 90.7%) based on bi annual representative confidential survey results
Cost Asset (under management) Ratio	0.10%	0.13%	Continued cost efficiency improvements coupled with asset growth
Cost Income Ratio	58.2%	68.4%	Continued cost efficiency improvements coupled with income exceeding expectations
Compliance	No Material Breaches	No Material Breaches	Focus maintained on Compliance

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to mortgage lending volumes and portfolio sale and acquisition targets being achieved by the group and third party clients. Others include business capacity, employee recruitment and retention, management of arrears levels and compliance with FSA legislation.

### Results and dividends

The profit for the year, after tax, amounted to £6,270k (2006 £3,483k). The directors recommend the payment of a dividend for the year of £5,000k (2006 £2,000k).

# **Western Mortgage Services Limited**

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

### **Directors and their interests**

The directors who held office during the year are given below

G A Gregory (31 March 2008)

J Katovsky

P A Lee

D Tweedy

M G Lewis

No director had any beneficial interest in the share capital of the company or any other company in the group at any time during the period under review

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2007 and that applicable International Financial Reporting Standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

### **Employment of disabled persons**

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the group continues employment wherever possible and arranges retraining.

### **Employee involvement**

The group is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests.

### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Financial risk management**

The directors have considered the financial risks affecting the company and have disclosed the relevant policies in the Notes to the financial statements.

# **Western Mortgage Services Limited**

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

### **Auditors**

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

On behalf of the Board

A handwritten signature in black ink, appearing to be 'P A Lee', written in a cursive style.

**P A Lee**  
**Director**  
31 March 2008

# Western Mortgage Services Limited

## Independent auditors' report to the members of Western Mortgage Services Limited

We have audited the accounts of Western Mortgage Services 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, the Statement of accounting policies 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 (IFRSs) 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### Basis of audit opinion

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

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2007 and of its profit and cash flows for the year then ended,
- 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*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Manchester  
31 March 2008

# Western Mortgage Services Limited

## Income statement for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Revenue		20,999	15,550
Operating expenses		(12,479)	(10,762)
<b>Operating profit</b>		<b>8,520</b>	<b>4,788</b>
Other interest receivable and similar income		442	190
<b>Profit before tax</b>		<b>8,962</b>	<b>4,978</b>
Income tax expense	4	(2,692)	(1,495)
<b>Net profit</b>	11	<b>6,270</b>	<b>3,483</b>

The accounting policies and notes on pages 8 to 21 form part of these financial statements

# Western Mortgage Services Limited

## Balance sheet as at 31 December 2007

	Notes	2007 £000	2006 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment, fixtures and fittings	8	1,030	729
Intangible assets	7	90	136
<b>Current Assets</b>			
Bank deposits	5	11,027	6,051
Deferred tax asset	4	113	161
Other receivables	6	1,984	2,032
<b>Total assets</b>		<b>14,244</b>	<b>9,109</b>
<b>Liabilities</b>			
Trade and other payables	9	1,740	1,372
Current tax liabilities		2,645	1,562
Provision for liabilities and charges	10	94	680
<b>Total liabilities</b>		<b>4,479</b>	<b>3,614</b>
<b>Equity</b>			
Called up share capital	12	50	50
Retained earnings	11	9,715	5,445
<b>Total equity and liabilities</b>		<b>14,244</b>	<b>9,109</b>

The accounting policies and notes on pages 8 to 21 form part of these financial statements

Approved by the Board of directors on 31 March 2008 and signed on their behalf by



**P A Lee**  
Director

## Western Mortgage Services Limited

### Statement of changes in equity for the year ended 31 December 2007

	Share Capital	Retained Earnings	Total
Year ended 31 December 2007	£000	£000	£000
Balance at start of period	50	5,445	5,495
Profit for the period	-	6,270	6,270
Dividends	-	(2,000)	(2,000)
At 31 December	50	9,715	9,765

	Share Capital	Retained Earnings	Total
Year ended 31 December 2006	£000	£000	£000
Balance at start of period	50	3,654	3,704
Profit for the period	-	3,483	3,483
Dividends	-	(1,692)	(1,692)
At 31 December	50	5,445	5,495

# Western Mortgage Services Limited

## Cash flow statement for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
<b>Cash flows from operating activities</b>	13	7,304	4,390
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	8	(750)	(457)
Purchase of intangibles	7	(20)	(11)
<b>Net cash used in investing activities</b>		6,534	3,922
<b>Cash flows from financing activities</b>			
Interest Received		442	190
Dividend paid		(2,000)	(1,692)
<b>Net cash from financing activities</b>		(1,558)	(1,502)
<b>Net increase in cash and cash equivalents</b>		4,976	2,420
Cash and cash equivalents at start of period	5	6,051	3,631
<b>Cash and cash equivalents at end of period</b>	5	11,027	6,051

# **Western Mortgage Services Limited**

## **Statement of accounting policies for the year ended 31 December 2007**

### **Basis of preparation**

Western Mortgage Services Limited is a company incorporated and domiciled in England and Wales

The Company is required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and implemented in the UK, interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 1985 applicable to organisations reporting under IFRS

The company has not applied 'IFRS8 Operating Segments' in these accounts. These disclosures will have no material impact on the overall balance sheet or results of the company and will be mandatory for the accounts for the year ended 31 December 2009

These financial statements have been prepared under historical cost convention

There are no significant uncertainties or key estimations in the basis of preparing the financial statements

### **Revenue**

Revenue relates to fee and commission income, which is recognised over the period for which service has been provided or on completion of an act to which the fee relates

### **Operating leases**

Leases for land and buildings are accounted for as separate leases. As a result all leased land is treated as an operating lease for accounting purposes

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease

### **Taxation**

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. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the Balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised only where it is probable that future taxable profit will be available against which the temporary differences can be utilised

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised

### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition

### **Intangible assets**

Acquired computer software licenses are capitalised on the basis of the direct costs incurred to acquire and bring in to use the specific software. These costs are amortised on the basis of the expected useful lives (three years)

# Western Mortgage Services Limited

## Statement of accounting policies for the year ended 31 December 2007 (continued)

### Intangible assets (continued)

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives (not exceeding five years).

### *Equipment, fixtures and fittings and depreciation*

All equipment and fixtures and fittings are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is calculated on a straight-line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Equipment	3 - 7 years
-----------	-------------

Gains and losses on disposal of assets are calculated with reference to the carrying value of the asset and the net disposal proceeds. Repairs and renewals are charged to the income statement when the expenditure is incurred.

Tangible assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

### Dividends

Dividends are only recognised in the financial statements by the company once they have been approved by the Board of directors.

# Western Mortgage Services Limited

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

### 1 Profit before tax

Profit on ordinary activities before taxation is stated after charging

	2007 £000	2006 £000
Auditors' remuneration in respect of audit services	12	15
Depreciation and other amounts written off tangible fixed assets		
Tangible	449	400
Intangible	66	82
Other operating lease rentals.		
Land and buildings	908	794
Plant and machinery	37	30

### 2 Staff numbers and costs

The average number of persons employed by the company during the year was

	2007	2006
Management	6	6
Administration	407	346
	413	352

The aggregate payroll costs of these persons were

	2007 £000	2006 £000
Wages and salaries	7,409	6,008
Social security costs	627	534
Other pension costs	259	189
	8,295	6,731

### 3 Directors emoluments

The remuneration of the directors, which is all included in the above wages analysis, was as follows

	2007 £000	2006 £000
Total emoluments	170	161

# Western Mortgage Services Limited

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

### 3 Directors emoluments (continued)

The emoluments of the highest paid director were

	2007 £000	2006 £000
Emoluments	170	161

The highest paid director has accrued pension benefits under the Britannia Building Society's Pension Schemes of £25,880 at 31 December 2007 (2006 £16,000)

At 31 December 2007 there were five directors who had benefits accruing under the Britannia Building Society Pension Schemes (2006 five) Particulars of the latest actuarial valuation of the group pensions scheme are disclosed in the accounts of Britannia Building Society

### 4 Taxation

	2007 £000	2006 £000
UK tax at 30% (2006 30%)		
Corporation tax		
Current	2,646	1,562
Adjustments in respect of prior periods	(1)	(1)
Deferred Tax	47	(66)
	2,692	1,495

#### Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	8,962	4,978
Profit before tax multiplied by standard rate of tax	2,688	1,493
Effects of		
Expenses not deductible for tax purposes	5	3
Adjustments to tax charge in respect of previous year	(1)	(1)
	2,692	1,495

# Western Mortgage Services Limited

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

### 4 Taxation (continued)

As at 31 December 2007, there are no tax-related contingent assets or contingent liabilities in accordance with International Accounting Standard No 37 'Provisions, Contingent Liabilities and Contingent Assets' (IAS37)

The reconciliation of the opening and closing deferred tax asset is shown below

	2007 £000	2006 £000
Deferred tax asset/(liability) at start of period	160	95
Income statement credit	(47)	66
Deferred tax asset at end of period	113	161

Deferred tax assets are attributable to the following items

	2007 £000	2006 £000
Accelerated capital allowances	86	83
Other provisions	27	78
	113	161

The deferred tax (credit)/charge in the income statement comprises the following temporary differences

	2007 £000	2006 £000
Accelerated capital allowances	3	24
Other provisions	(50)	42
	(47)	66

Deferred tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related tax benefit is probable

# Western Mortgage Services Limited

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

### 5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than 3 months maturity from the date of acquisition

	2007 £000	2006 £000
Bank deposits	11,027	6,051

### 6 Other receivables

	2007 £000	2006 £000
Amounts owed by group undertakings	1,461	1,661
Prepayments and accrued income	211	152
Other	312	219
	1,984	2,032

All of the above balances are expected to be settled no more than 12 months after the balance sheet date

### 7 Intangible assets

	Computer Software 2007	Computer Software 2006
Cost		
At 1 January	713	702
Additions	20	11
At 31 December	733	713
Depreciation		
At 1 January	577	495
Charge for year	66	82
At 31 December	643	577
Net book amount		
At 31 December	90	136

# Western Mortgage Services Limited

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

### 8 Equipment, fixtures and fittings

	Equipment, Computer fixtures and hardware fittings			Equipment, Computer fixtures and hardware fittings		
	2007	2007	Total	2006	2006	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 January	1,492	1,009	2,501	1,203	841	2,044
Additions	391	359	750	289	168	457
Disposals	43	4	47	-	-	-
<b>At 31 December</b>	<b>1,840</b>	<b>1,364</b>	<b>3,204</b>	<b>1,492</b>	<b>1,009</b>	<b>2,501</b>
<b>Depreciation</b>						
At 1 January	1,072	700	1,772	839	533	1,372
Charge for year	291	158	449	233	167	400
Eliminated in respect of disposals	43	4	47	-	-	-
<b>At 31 December</b>	<b>1,320</b>	<b>854</b>	<b>2,174</b>	<b>1,072</b>	<b>700</b>	<b>1,772</b>
<b>Net book amount</b>						
<b>At 31 December</b>	<b>520</b>	<b>510</b>	<b>1,030</b>	<b>420</b>	<b>309</b>	<b>729</b>

### 9 Trade and other payables

	2007	2006
	£000	£000
Trade payables	241	69
Other tax and social security payable	181	143
Amounts owed to Group undertakings	18	7
Accruals and deferred income	1,300	1,153
	<b>1,740</b>	<b>1,372</b>

All of the above balances are expected to be paid no more than 12 months after the balance sheet date

# Western Mortgage Services Limited

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

### 10 Provisions for liabilities and charges

	2007 £000	2006 £000
Balance brought forward	680	120
Additions Dilapidations	(170)	140
MEAF	(416)	420
Balance carried forward	94	680

Dilapidations provisions relate to anticipated rectification works on the WMS floors of the MoneyCentre (£90k) The residual provision (£4k) for Mortgage Exit Administration fees (MEAF) relates to anticipated customer refunds

### 11 Retained earnings

Movements in Retained earnings were as follows

	2007 £000	2006 £000
Balance at start of the year	5,445	3,654
Profit for the year	6,270	3,483
Dividends paid in the year (note 17)	(2,000)	(1,692)
At 31 December	9,715	5,445

### 12 Called up share capital

	2007 £000	2006 £000
<b>Authorised</b>		
50,000 ordinary shares of £1 each	50	50
<b>Issued and fully paid</b>		
50,000 ordinary shares of £1 each	50	50

# Western Mortgage Services Limited

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

### 13 Reconciliation of operating profit to net cash flows from operating activities

		2007 £000	2006 £000
Profit before tax		8,962	4,978
Depreciation	9	449	400
Amortisation of intangible assets	8	66	82
Interest received		(442)	(190)
Cashflows from operating profits before		9,035	5,270
Net (increase)/decrease in other assets		48	(843)
Net increase/(decrease) in other liabilities		(218)	788
Tax paid		(1,561)	(825)
<b>Net cash flows from operating activities</b>		<b>7,304</b>	<b>4,390</b>

### 14 Operating lease commitments

Total commitments for operating leases are as follows

	Land and Buildings 2007 £000	Other 2007 £000	Land and Buildings 2006 £000	Other 2006 £000
On lease expiring within one year	27	8	-	-
On lease expiring between one and five years	93	29	63	30
On lease expiring in more than five years	842	-	773	-
<b>At 31 December</b>	<b>962</b>	<b>37</b>	<b>836</b>	<b>30</b>

# **Western Mortgage Services Limited**

## **Notes to the financial statements for the year ended 31 December 2007 (continued)**

### **15 Ultimate parent undertaking and controlling entity**

The company's immediate parent undertaking is Britannia Treasury Service Limited, a company registered in England

Britannia Treasury Services Limited is wholly owned by Britannia Building Society, a body corporate registered in England. Copies of Britannia Building Society's accounts may be obtained from

Britannia House, Leek, Staffordshire, ST13 5RG

The Society, the ultimate controlling entity of this company, is a mutual organisation owned by its members and consequently has no ultimate controlling body

# Western Mortgage Services Limited

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

### 16 Related party disclosures

As stated in the note above, the company is a subsidiary of Britannia Building Society. Consequently the directors of the company consider Britannia Building Society and its subsidiaries to be related parties of the company. Transactions with Britannia Building Society and its subsidiaries are disclosed in the financial statements as follows:

Year ended 31 December 2007	<u>Revenue</u> £000	<u>Expense</u> £000	<u>Balance due to/(from)</u> <u>Western Mortgage</u> <u>Services Limited</u> £000
Mortgage Agency Services No1 limited	649	-	41
Mortgage Agency Services No2 limited	662	-	34
Mortgage Agency Services No4 limited	1,456	-	71
Mortgage Agency Services No5 limited	2,628	-	337
Mortgage Agency Services No6 limited	492	-	38
Platform Home Loans limited	3,589	-	313
Platform Funding limited	7,690	-	563
Britannia Building Society	98	-	64
<hr/>			
Year ended 31 December 2006			
Mortgage Agency Services No1 limited	74	-	141
Mortgage Agency Services No2 limited	1,670	-	142
Mortgage Agency Services No4 limited	190	-	178
Mortgage Agency Services No5 limited	664	-	199
Mortgage Agency Services No6 limited	579	-	84
Platform Home Loans limited	3,819	-	301
Platform Funding limited	7,403	-	608
Britannia Building Society	98	7	8

# Western Mortgage Services Limited

## 17 Dividends

Final dividends are not accounted for until they have been ratified at the meeting by the Board of Directors. The Board of Directors propose a dividend of £100.00 per share amounting to a total of £5,000,000 for the year (2006 actual dividend £40.00 per share amounting to a total of £2,000,000).

## 18 Financial instruments

### Liquidity and cash flow risk

The company has a facility to drawdown from Britannia Building Society, its ultimate parent company to ensure that sufficient liquidity is maintained.

The directors have considered other financial and credit risks and the directors confirm that they are not significant.

### Fair values of financial instruments

Set out in the tables below are comparisons of book and fair values of the company's financial instruments by category. Where available, market values have been used to determine fair values.

	Book Value	Fair Value
	2007	2007
	£000	£000
Bank deposits	11,027	11,027
Other assets	1,984	1,984
Trade and other payables	1,740	1,740

	Book Value	Fair Value
	2006	2006
	£000	£000
Bank deposits	6,051	6,051
Other assets	2,032	2,032
Trade and other payables	1,372	1,372