

Britannia Treasury Services Limited
Directors' report and financial statements
for the year ended 31 December 2003

Registered Number 3416197



Britannia Treasury Services Limited
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for the year ended 31 December 2003

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Britannia Treasury Services Limited

Directors and advisors for the year ended 31 December 2003

Directors

W J Gordon
G A Gregory
P A Lee
J I Katovsky
N B Richardson

Secretary

P A Mills

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Registered Office

Britannia House
Cheadle Road
Leek
Staffordshire
ST13 5RG

Registered Number

3416197

Britannia Treasury Services Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

Principal activities

The principal activity of the company is as an intermediate holding company on behalf of Britannia Building Society for Mortgage Agency Services Number One Limited, Mortgage Agency Services Number Two Limited, Mortgage Agency Services Number Three Limited, Mortgage Agency Services Number Four Limited, Mortgage Agency Services Number Five Limited, Western Mortgage Services Limited and Platform Group Holdings Limited.

Results and dividends

The profit for the year on ordinary activities, after tax, amounted to £27,134,375 (2002: £17,151,320). The directors propose a dividend for the year of £27,100,000 (2002: £17,100,000).

Directors and their interests

The directors who held office during the year are given below:

G A Gregory

W J Gordon

J I Katovsky

P A Lee

A S Lourie – resigned 29 January 2003

N B Richardson

G H Stow – resigned 31 May 2003

No director had a beneficial interest in the share capital of the company or any other company within the group during the year under review.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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.

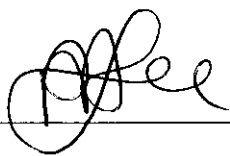
The directors confirm that suitable accounting policies have been used and applied consistently as explained on page 6 under 'Statement of accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting 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.

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.

By order of the Board



P A Lee

Director

30 January 2004

Britannia Treasury Services Limited

Independent auditors' report to the members of Britannia Treasury Services Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

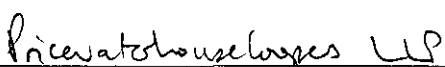
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
30 January 2004

Britannia Treasury Services Limited

Profit and loss account for the year ended 31 December 2003

	Notes	2003 £	2002 £
Interest receivable and similar income	1	62,877	87,630
Income from shares in Group undertakings		27,100,000	17,100,000
Administrative expenses		(13,887)	(13,387)
Profit on ordinary activities before taxation	2	27,148,990	17,174,243
Taxation	4	(14,615)	(22,923)
Profit on ordinary activities after taxation		27,134,375	17,151,320
Proposed dividend		(27,100,000)	(17,100,000)
Profit for the year transferred to reserves	12	34,375	51,320

There were no recognised gains or losses or movements in equity shareholders' funds other than the profit for the year. The results for the year were derived from continuing operations.

The accounting policies and notes on pages 6 to 10 form part of these financial statements.

Britannia Treasury Services Limited

Balance sheet as at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	5	11,750	23,500
Investments in subsidiaries	6	62,000,410	62,000,410
		62,012,160	62,023,910
Current assets			
Debtors:			
Recoverable in less than one year	7	27,100,000	17,100,000
Recoverable in more than one year	8	2,051	13,476,679
		27,102,051	30,576,679
Creditors: Amounts falling due within one year	9	(27,134,596)	(17,118,315)
Net current assets		(32,545)	13,458,364
Total assets less current liabilities		61,979,615	75,482,274
Creditors: Amounts falling due after more than one year	10	(56,659,833)	(70,196,867)
Net assets		5,319,782	5,285,407
Capital and reserves			
Called up equity share capital	11	5,050,005	5,050,005
Profit and loss account		269,777	235,402
Equity shareholders' funds	12	5,319,782	5,285,407

The accounting policies and notes on pages 6 to 10 form part of these financial statements.

Approved by the board of directors on 30 January 2004 and signed on its behalf by:

P A Lee
Director



Britannia Treasury Services Limited

Statement of accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of preparation

As permitted by Section 228 of the Companies Act 1985, consolidated financial statements have not been prepared because the company itself is a wholly owned subsidiary of Britannia Building Society, a body corporate registered in England, and is included in the consolidated financial statements of that body.

In accordance with paragraph 3(3) of Schedule 4 Companies Act 1985 the directors have adapted the arrangement of certain headings in the profit and loss account to reflect more effectively the nature of the company's activities.

Interest receivable and payable

Interest is accrued in the profit and loss account on a receivable and payable basis.

Taxation

Corporation tax and any group relief is provided at current rates on the taxable profit for the period.

Deferred tax is provided at current rates on a non-discounted basis, on all timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation

Cash flow statement

The company has not presented a cash flow statement as permitted by Financial Reporting Standard No. 1 (Revised 1996) as it is a wholly owned subsidiary of Britannia Building Society, the company's immediate parent undertaking.

Tangible Fixed Assets

Equipment, fixtures and fittings are stated at cost and are written off on a straight line basis over their useful lives, which is estimated to be five years.

Britannia Treasury Services Limited

Notes to the financial statements for the year ended 31 December 2003

1. Interest receivable and similar income

	2003 £	2002 £
Interest receivable from Leek Finance Number One PLC	62,877	87,614
Other	-	16
	62,877	87,630

2. Profit on ordinary activities before taxation

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	1,000	1,000
Depreciation on tangible fixed assets	11,750	11,750

3. Directors' emoluments and employees

The directors received no emoluments in respect of their services during the year (2002: £nil).

Four directors have benefits accruing under the Britannia Building Society Pension schemes (2002: four).

The company had no employees during the year (2002: nil).

4. Taxation

	2003 £	2002 £
Corporation tax at 30.0% (2002: 30.0%)	16,277	23,315
Adjustment in respect of prior years	4	(7)
Deferred tax	(1,666)	(385)
	14,615	22,923

Factors affecting tax charge for the year

The corporation tax assessed for the year is lower than the standard rate of corporation tax in the U.K. (30%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	27,148,990	17,174,243
Profit before tax multiplied by standard rate of tax	8,144,697	5,152,273
Effects of:		
Depreciation for the year in excess of capital allowances	1,666	1,046
Dividends from U.K. companies	(8,130,000)	(5,130,000)
Marginal tapering relief	(86)	-
Adjustments to tax charge in respect of previous periods	4	(7)
Corporation tax charge for the year	16,281	23,312

Britannia Treasury Services Limited

5. Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 January 2003	58,750
At 31 December 2003	58,750
Depreciation	
At 1 January 2003	35,250
Charge for the year	11,750
At 31 December 2003	47,000
Net book amount	
At 31 December 2003	11,750
At 31 December 2002	23,500

6. Investments in subsidiaries

	£
Shares at cost:	
At 1 January 2003	62,000,410
Acquired during the year	-
At 31 December 2003	62,000,410

The company holds 100 per cent of the share capital of the following companies incorporated in England and Wales:

Mortgage Agency Services Number One Limited
Mortgage Agency Services Number Two Limited
Mortgage Agency Services Number Three Limited
Mortgage Agency Services Number Four Limited
Mortgage Agency Services Number Five Limited
Western Mortgage Services Limited
Platform Group Holdings Limited

Platform Group Holdings Limited has the following subsidiary undertakings:

Platform Consumer Services Limited
Platform Funding Limited
Platform Funding No.2 Limited
Platform Funding No.3 Limited
Platform Funding No.4 Limited
Platform Funding No.5 Limited
Platform Funding No.6 Limited
Platform Home Loans Limited
Plum Sterling No 1 Plc

Platform Consumer Services Limited is the only direct subsidiary of Platform Group Holdings Limited.

The principal activities of the subsidiary undertakings are as follows: holding residential mortgage portfolios and conducting commercial lending; legal owner of mortgages held by subsidiaries and quasi-subsidiaries of Britannia Building Society, provision of third party mortgage administration services dedicated to the administration of portfolios for the Britannia Building Society Group, holding company, mortgage origination and servicing, finance company and mortgage securitisation.

Britannia Treasury Services Limited

7. Debtors: amounts falling due within one year

	2003	2002
	£	£
Amounts owed by Group companies	27,100,000	17,100,000

8. Debtors: amounts falling due within more than one year

	2003	2002
	£	£
Subordinated loan owed by Leek Finance Number One PLC	-	13,476,294
Deferred tax	2,051	385
	2,051	13,476,679

9. Creditors: amounts falling due within one year

	2003	2002
	£	£
Amounts owed to Group companies	27,100,000	17,100,000
Corporation tax	33,596	17,315
Accruals	1,000	1,000
	27,134,596	17,118,315

10. Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Amounts owed to Group companies	56,659,833	70,196,867

There is no formal repayment schedule for these amounts. The nature of the loan is such that repayment cannot be anticipated within one year.

11. Called up equity share capital

	2003	2002
	£	£
Authorised		
5,050,005 ordinary shares of £1 each	5,050,005	5,050,005
Allotted and fully paid		
5,050,005 ordinary share of £1 each	5,050,005	5,050,005

Britannia Treasury Services Limited

12. Equity shareholders' funds

	Total 2003 £	Total 2002 £
At 1 January	5,285,407	5,234,087
Profit for the year	34,375	51,320
At 31 December	5,319,782	5,285,407

13. Ultimate parent undertaking

The company's immediate and ultimate parent undertaking is Britannia Building Society, a company registered in England. Copies of Britannia Building Society's accounts may be obtained from:

Britannia House, Cheadle Road, Leek, Staffordshire, ST13 5RG.

The Society, as a mutual organisation, is owned by its members and, consequently, has no ultimate controlling body.

14. Related party disclosures

The company is exempt, under the terms of Financial Reporting Standard No.8 (Related party disclosures) from disclosing related party transactions with entities that are part of the Britannia Building Society Group.