

Leek Finance Number Two plc
Directors' report and financial statements
for the year ended 31 December 2011

Registered Number: 03588441

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Leek Finance Number Two plc

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Leek Finance Number Two plc

Directors and advisors

Directors

Capita Trust Corporate Limited
Capita Trust Corporate Services Limited
Mrs S E Lawrence
PCSL Services No 1 Limited

Secretary

TMF Corporate Administration Services Limited

Independent auditor

KPMG Audit Plc
St James Square
Manchester
M2 6DS

Solicitors

Allen & Overy LLP
One Bishop's Square
London
E1 6AD

Registered office

Pellipar House, 1st Floor
9 Cloak Lane
London
EC4R 2RU

Registered number

03588441

Leek Finance Number Two plc

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of Leek Finance Number Two plc (Registered Company No 03588441) for the year ended 31 December 2011

Principal activities

The principal activity of the Company was to receive and pay deferred consideration for previously owned mortgage portfolios

The Company has not received any deferred consideration for the year ended 31 December 2011 (2010: £nil)

Review of business and future developments

After the settlement of all outstanding transactions, the Company will become dormant

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Principal risks and uncertainties

The directors do not anticipate there to be any principal risks and uncertainties affecting this Company

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 endorsed by the European Union (EU) All financial information given in this directors' report is taken solely from the statutory results prepared on the above basis

Results and dividends

The loss for the year after taxation amounted to £12K (2010: £4K) The net liabilities of the Company at 31 December 2011 were £21K (2010: £9K) The directors do not propose a dividend for the year ending 31 December 2011 (2010: £nil)

Directors and their interests

The directors who held office during the year are given below

Capita Trust Corporate Limited
Capita Trust Corporate Services Limited
Mrs S E Lawrence
PCSL Services No 1 Limited

No director had a beneficial interest in the share capital of the Company or any other company in The Co-operative Group Limited at any time during the year under review

Going concern

After preparing and reviewing forecasts and projections, stressed to take account of reasonable possible changes in assumptions, the directors are satisfied that the Company will have adequate resources to continue in business for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements

Leek Finance Number Two plc

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

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 the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRS as adopted by the EU, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.


Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Independent auditor

In accordance with Section 489 of the Companies Act 2006, resolutions for the appointment and remuneration of the auditor will be proposed at the next Annual General Meeting.

On behalf of the Board

Signed 

Susan Lawrence
For and on behalf of Capita Trust Corporate Services Limited
Director
Date 15 June 2012

Leek Finance Number Two plc

Independent auditor's report to the members of Leek Finance Number Two plc

We have audited the financial statements of Leek Finance Number Two plc for the year ended 31 December 2011 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU.

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 auditor's 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 directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, 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, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

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.

Signed



Date

16 June 2012

Andrew Walker (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

KPMG Audit Plc

St James Square

Manchester

M2 6DS

Leek Finance Number Two plc

Statement of comprehensive income for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Other operating expenses	3	(12)	(4)
Loss before taxation		(12)	(4)
Taxation	4	-	-
Loss attributable to equity holders	8	(12)	(4)

All results are from continued operations

There are no recognised gains or losses other than losses for the current year

The accounting policies and notes on pages 8 to 12 form part of these financial statements


Leek Finance Number Two plc

Balance sheet as at 31 December 2011

	Notes	2011 £000	2010 £000
Assets			
Other receivables	5	6	18
Total assets		6	18
Liabilities			
Other payables	6	27	27
Total liabilities		27	27
Equity			
Called-up share capital	7	12	12
Retained earnings	8	(33)	(21)
Total equity and liabilities		6	18

The accounting policies and notes on pages 8 to 12 form part of these financial statements

Approved by the Board of Directors on 15 June 2012 and signed on its behalf by

Signed 
Susan Lawrence
For and on behalf of Capita Trust Corporate Services Limited
Director

Date 15 June 2012

Leek Finance Number Two plc

Statement of changes in equity for the year ended 31 December 2011

	Share capital £000	Retained earnings £000	Total £000
Year ended 31 December 2011			
Balance at the beginning of the year	12	(21)	(9)
Loss for the year	-	(12)	(12)
Balance at the end of the year	12	(33)	(21)

	Share capital £000	Retained earnings £000	Total £000
Year ended 31 December 2010			
Balance at the beginning of the year	12	(17)	(5)
Loss for the year	-	(4)	(4)
Balance at the end of the year	12	(21)	(9)

The accounting policies and notes on pages 8 to 12 form part of these financial statements

Leek Finance Number Two plc

Statement of accounting policies for the year ended 31 December 2011

Basis of preparation

Leek Finance Number Two plc is a company incorporated and domiciled in England

The Company's financial statements have been prepared under the historical cost convention

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 2006 applicable to organisations reporting under IFRS

In preparing these financial statements, the Company has adopted the following pronouncements during the year that are new or revised but have no material impact on the financial statements

IAS 24 – Related Party Disclosure (revised November 2009)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (issued November 2009)

There are no significant critical accounting estimates or judgments applied in the basis of preparing these financial statements

Functional and presentational currency

The financial statements are presented in sterling, which is the Company's functional currency (ie the primary currency in which it transacts business) and presentational currency

Taxation

Tax on the loss for the year comprises current tax

Current tax

The expected tax payable on the results for the year is called current tax. It is calculated using the tax rates in force during the reporting period. The current tax charge includes adjustments to tax payable in prior periods.

Segmental reporting

The Company operates in one business segment and all business is conducted in the UK, therefore no segmental information is presented

Leek Finance Number Two plc

Notes to the financial statements for the year ended 31 December 2011

1 Loss before taxation

Loss on ordinary activities before taxation is stated after charging

	2011 £000	2010 £000
Audit fees for the audit of the Company's financial statements	1	1

2 Directors' emoluments

During the year, Capita Trust Company, on behalf of Capita Trust Corporate Limited and Capita Trust Corporate Services Limited received £3K in respect of directors and trustees fees (2010 £3K)

At 31 December 2011, no directors were accruing benefits under The Co-operative Group pension schemes (2010 none)

The Company had no employees during the current or prior year

3 Other operating expenses

	2011 £000	2010 £000
Professional and accountancy fees	1	1
Director/company secretary fees	11	3
	12	4

4 Taxation

There is no tax charge in the current or prior year

Factors affecting the tax charge for the year

The average effective rate of corporation tax assessed for the year is higher than the standard rate of corporation tax for small companies in the UK of 20 25% (2010 21%) The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before tax	(12)	(4)
Loss before tax multiplied by standard rate of tax	(2)	(1)
Effects of		
Losses not recognised for tax	2	1

The UK small companies tax rate reduced from 21% to 20% with effect from 1 April 2011

Leek Finance Number Two plc

Notes to the financial statements for the year ended 31 December 2011 (continued)

5 Other receivables

	2011 £000	2010 £000
Amounts owed by The Co-operative Bank plc	6	18
	6	18

The above amounts owed by The Co-operative Bank plc are expected to be settled more than 12 months after the end of the reporting period. There is no formal repayment schedule for these monies, which are repayable on demand.

The effective interest rate on the above amounts owed by The Co-operative Bank plc is 3 month LIBOR less 50 basis points.

6 Other payables

	2011 £000	2010 £000
Amounts owed to Leek Finance Holdings Number Two Limited	27	27
	27	27

The above amounts owed to Leek Finance Holdings Number Two Limited are expected to be settled more than 12 months after the balance sheet date. There is no formal repayment schedule for these monies, which are repayable on demand.

7 Called-up share capital

	2011 £000	2010 £000
Issued and fully paid		
2 ordinary shares of £1 each	-	-
Allotted and partially paid		
49,998 ordinary shares of £1 each of which 25p paid	12	12

The Company's funding consists of share capital. Capital is managed on the whole by The Co-operative Bank plc, which is subject to capital requirements imposed by its regulator, the Financial Services Authority (FSA). During the period, The Co-operative Bank plc complied with the capital requirements set by the FSA.

Leek Finance Number Two plc

Notes to the financial statements for the year ended 31 December 2011 (continued)

8 Retained earnings

Movements in retained earnings were as follows

	2011 £000	2010 £000
Balance at the beginning of the year	(21)	(17)
Loss for the year	(12)	(4)
Balance at the end of the year	(33)	(21)

9 Reconciliation of operating loss to net cash flows from operating activities

	2011 £000	2010 £000
Loss before taxation	(12)	(4)
Decrease in accruals	-	(4)
Cash flows from operating activities before changes in operating assets and liabilities	(12)	(8)
Decrease in other receivables	12	8
Net cash flows from operating activities	-	-

10 Ultimate parent undertaking and controlling entity

The Company's immediate parent undertaking is Leek Finance Holdings Number Two Limited, a company registered in England

Royal Exchange Trust Company Limited holds 100% of the issued share capital of Leek Finance Holdings Number Two Limited, subject to terms of a declaration of trust for general charitable purposes

The Company meets the definition of a special purpose entity under IFRS. In accordance with the requirements of SIC 12 "Consolidation - Special Purpose Entities", the Company's accounts are consolidated within the group accounts of The Co-operative Bank plc for the year ended 31 December 2011

The largest group in which the results of the Company are consolidated is that headed by The Co-operative Group Limited. The Co-operative Group Limited is a mutual organisation owned by its members and consequently has no controlling body. It is incorporated in England and registered under the Industrial and Provident Societies Acts. The financial statements of the ultimate parent company are available from New Century House, Manchester, M60 4ES. The smallest group in which they are consolidated is that headed by The Co-operative Bank plc, which is incorporated in England. The financial statements of this group are available from 1 Balloon Street, Manchester, M60 4EP.

Leek Finance Number Two plc

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Related party transactions

As stated in the note above, the Company is a subsidiary of The Co-operative Group Limited. Consequently, the directors of the Company consider The Co-operative Group Limited and its subsidiaries to be related parties of the Company. Transactions with The Co-operative Group Limited and its subsidiaries are disclosed below.

	Balance due to/(from) the Company £000
Year ended 31 December 2011	
The Co-operative Bank plc	6
Leek Finance Holdings Number Two Limited	(27)
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Year ended 31 December 2010	
The Co-operative Bank plc	18
Leek Finance Holdings Number Two Limited	(27)
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All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

12 New pronouncements issued in 2011

The following pronouncement has been issued and will be effective for and relevant to the period ending 31 December 2012:

- Amended IAS 12 – Income Taxes: Deferred Tax, recovery of underlying assets (2010)

This pronouncement is not mandatory for the year ended 31 December 2011, it will become effective for annual periods beginning on or after 1 January 2012 but may be applied earlier.

The following pronouncement has been issued and will be effective for and relevant to the period ending 31 December 2013:

- Amended IAS 1 – Presentation of Financial Statements on the Statement of Comprehensive Income

This pronouncement is not mandatory for the year ended 31 December 2011, it will become effective for annual periods beginning on or after 1 July 2012 but may be applied earlier.

The following pronouncement has been issued and will be effective for and relevant to the period ending 31 December 2015:

- IFRS 9 - Financial Instruments

This pronouncement is not mandatory for the year ended 31 December 2011, it will become effective for annual periods beginning on or after 1 January 2015 but may be applied earlier.