

# **Pillar Options Limited**

## **Report of the Directors and Financial Statements**

**31 December 2005**

Registered number 4498061



## **Pillar Options Limited**

### **Report of the Directors and Financial Statements**

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# **Pillar Options Limited**

## **Officers and Professional Advisors**

### **Directors**

J P J Fairrie  
Wilmington Trust SP Services (London) Limited  
P M Spensley

### **Secretary**

Wilmington Trust SP Services (London) Limited

### **Auditor**

KPMG Audit Plc  
One Canada Square  
London  
E14 5AG

### **Principal Bankers**

HSBC  
8 Canada Square  
London  
E14 5XL

### **Registered Office**

c/o Wilmington Trust SP Services (London) Limited  
Tower 42 (Level 11)  
25 Old Broad Street  
London  
EC2N 1HQ

# **Pillar Options Limited**

## **Report of the Directors**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### **Principal activities and business review**

The Company was established to hold an option to acquire the loan notes issued by Group undertakings in the event that enforcement of the security is insufficient to pay the full amount due in respect of the loan notes issued. The Company is currently dormant and the Directors believe that it will not commence to trade unless this option is exercised.

The Directors have satisfied themselves that the Company have adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

### **Results and dividends**

The Directors do not recommend the payment of a dividend.

### **Directors**

Listed below are the names of the Directors who served on the Board during the period under review:

#### **Name**

J P J Fairrie  
Wilmington Trust SP Services (London) Limited  
PM Spensley

### **Directors' interests**

The Company's ultimate parent is Pillar Holdings Charitable Trust, of which Wilmington Trust SP Services (London) Limited is the sole non-beneficial owner.

There are no other directors' interests requiring disclosure under the Companies Act 1985.

## **Pillar Options Limited**

### **Report of the Directors** *(continued)*

#### **Adoption of International Financial Reporting Standards (IFRSs)**

The financial statements for the year ended 31 December 2005 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as endorsed by the EU and effective at 31 December 2005.

Full disclosures are given in note 8 to these financial statements for the year ended 31 December 2005, that explain the financial effect of transition to IFRSs.

#### **Supplier Payment Policy**

It is the Group's policy that payments made to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers. The Group owed no debts to trade creditors at 31 December 2005.


#### **Political and Charitable Donations**

The Group made no donations during the year ended 31 December 2005.

#### **Auditors**

An ordinary resolution will be proposed at the Annual General Meeting to re-appoint KPMG Audit Plc as auditors of the Company.

By Order of the Board  
Wilmington Trust SP Services (London) Limited

 **Wilmington Trust SP Services (London) Limited**  
Secretary

Date: 30 October 2006

## **Pillar Options Limited**

### **Statement of Directors' responsibilities in relation to 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 company financial statements for each financial year. Under that law the directors have elected to prepare company financial statements in accordance with IFRSs as adopted by the EU.

The company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the company 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 IFRSs 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.

# Pillar Options Limited

## Independent Auditors' Report to the Members of Pillar Options Limited

We have audited the financial statements of Pillar Options Limited for the year ended 31 December 2005 which comprise the Balance Sheet, the Statement of Change in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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 EU are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. 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 and 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 EU, of the state of the company's affairs as at 31 December 2005 and of the company's result for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

31 October 2006

## Pillar Options Limited

### Balance Sheet

At 31 December 2005

	Note	2005 £	2004 £
<b>Assets</b>			
<b>Current assets</b>			
Amounts owed by Group undertakings		<u>1</u>	<u>1</u>
<b>Total assets</b>		<u>1</u>	<u>1</u>
<b>Equity</b>			
Called up share capital	4	<u>1</u>	<u>1</u>
<b>Total equity and liabilities</b>		<u>1</u>	<u>1</u>

These financial statements were approved by the Board of Directors on 30/10/ 2006 and were signed on its behalf by:



Wilmington Trust SP Services (London) Limited  
Director

The notes on pages 8-9 form part of the financial statements.



## **Pillar Options Limited**

### **Statement of Changes in Equity For the year ended 31 December 2005**

	<b>Share Capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2004	1	-	1
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2004	<u>1</u>	<u>-</u>	<u>1</u>
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2005	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>1</u></u>

The notes on page 8-9 form part of the financial statements.

# **Pillar Options Limited**

## **Notes to the Financial Statements**

### **1. Basis of preparation**

The financial statements have been prepared in accordance with IFRSs adopted for use in the European Union.

The accounting policies set out in this note have been applied in the preparation of the financial statements for the year ended 31 December 2005, to the comparative information contained in these financial statements for the year ended 31 December 2004, and to the Group's opening balance sheet as at 1 January 2004, this being the Group's date of transition to IFRS, except in relation to financial instruments.

The following standards have been issued by the IASB but not adopted by the Group as the required adoption date is in 2006 or later;

- IAS 1 Presentation of Financial Statements – Capital Disclosures
- IAS 39 Financial Instruments: Recognition and Measurement - The Fair Value Option
- IAS 39 Financial Instruments: Recognition and Measurement - Financial Guarantees
- IFRS 4 Insurance Contracts – Financial Guarantees
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRS 7 Financial Instruments - Disclosures

A cash flow has not been prepared as there were no transactions during the year.

#### **Transitional arrangements**

As stated in the Report of the Directors, these are the Company's first set of financial statements prepared in accordance with IFRS and its interpretations as adopted by the IASB. On transition to IFRS, an entity is generally required to apply IFRS retrospectively, except where an exemption is available under IFRS 1 'First-time Adoption of International Financial Reporting Standards'.

### **2. Significant accounting policies**

The following is a list of the Company's key accounting policies under IFRS.

#### **a) Derivative financial instruments**

The Company holds an option to acquire the loan notes issued by Group undertakings in the event that enforcement of the security is insufficient to pay the full amount due in respect of the loan notes issued. The Company values this option at fair value based on the likelihood of this event occurring and the option being exercisable.

### **3. Audit fees**

Audit fees of £1,000 relating to the Company have been equally borne by Pillar Funding 2002-1 plc and Pillar Funding 2003-1 plc.

### **4. Directors emoluments and staff costs**

No emoluments were received or are receivable by any Director in respect of services during the period. The Company's staff costs were borne by Egg Banking plc of which Pillar Options Limited is a quasi-subsiary.

## Pillar Options Limited

### Notes to the Financial Statements *(continued)*

#### 5. Share capital

	2005 £	2004 £
<b>Authorised:</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted and fully paid up</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

#### 6. Financial instruments

The Company holds an option to acquire the loan notes issued by Group undertakings in the event that enforcement of the security is insufficient to pay the full amount due in respect of the loan notes issued. As at 31 December 2005 the fair value of this option was £NIL (2004:£NIL).

#### 7. Related party transactions

The Company, together with its parent companies, are deemed to be a quasi-subsiidiary of Egg Banking plc under the principles of FRS 5 'Reporting the substance of transactions'.

#### 8. Parent undertakings

The immediate parent undertaking is Pillar Holdings Limited, a company registered in England and Wales. The shares in Pillar Holdings Limited are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes. The Directors regard Pillar Holdings Limited as the ultimate parent and controlling undertaking. Copies of the consolidated financial statements can be obtained from Wilmington Trust SP Services (London) Limited, Tower 42, International Financial Centre, 25 Old Broad Street, London EC2N 1HQ.

#### 9. Explanation of the impact of transition to IFRS

As stated in the Report of the Directors, these are the Group's first set of financial statements prepared in accordance with IFRS. In preparing the financial statements in accordance with IFRS, there were no adjustments made to amounts previously reported in the financial statements.