

# **PILLAR FUNDING SERIES 2004 -2 PLC**

(Registered Number: 5148601)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**



# **PILLAR FUNDING SERIES 2004-2 PLC**

## **DIRECTORS' REPORT**

for the year ended 31 December 2009

The Directors present their annual report and the financial statements of Pillar Funding Series 2004-2 plc ("the Company") for the year ended 31 December 2009

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

The Company is a special purpose entity established for the purpose of implementing and operating asset backed securitisation for Egg Banking Plc

### *Objectives and strategy*

The Company is a special purpose entity established for the purpose of implementing and operating asset backed securitisation for Egg Banking plc. Specifically the Company was set up to issue asset-backed floating rate notes amounting to £500 million in September 2004. These notes were redeemed in September 2009.

### *Performance and trends*

As the investment securities held by the Company are exactly matched by investment securities in issue, the profit of the Company will be determined by income received as part of the 'issuer profit amount' less the costs of operating the business. This profit amount is determined by the terms of the funding series and is set at 0.01% p.a. of the issued funds. This amount is set to ensure the Company has funds to meet the operating costs of the Company. For the year to 31 December 2009 the 'issuer profit amount' was £19,473 (2008: £25,163) and profit before tax was £4,594 (2008: £6,231).

### **Results and dividends**

The details of the profit for the year ended 31 December 2009 and the treatment thereof are set out on the statement of comprehensive income on page 5 of the financial statements. The Company made a profit after tax of £3,599 in the year ended 31 December 2009 (2008: £4,918).

The Directors do not recommend the payment of a dividend for the year under review (2008: £nil).

As the Directors intend to liquidate the Company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

### **Directors**

The Directors who held office at 31 December 2009 were

M H Filer

M McDermott

Wilmington Trust SP Services (London) Limited

The shares in Pillar Holdings Limited, the parent company of Pillar Funding Series 2004-2 plc, are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes.

# **PILLAR FUNDING SERIES 2004-2 PLC**

## **DIRECTORS' REPORT**

for the year ended 31 December 2009

### **Statement of Directors' Responsibilities in Respect of the annual Report and the financial Statements**

The Directors are responsible for preparing the Annual 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 financial statements in accordance with IFRSs 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 their profit or loss for that period. 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. As explained in note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 its 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Financial instruments**

The financial risk management objectives and policies and the exposure to interest rate risk, credit risk and liquidity risk of the Company have been disclosed in the risk management policies on pages 14 to 15.

### **Supplier Payment Policy**

It is the Company's policy that payments made to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers.

### **Political and Charitable Donations**

The Company made no donations during the year ended 31 December 2009 (2008: £nil).

## **PILLAR FUNDING SERIES 2004-2 PLC**

### **DIRECTORS' REPORT**

for the year ended 31 December 2009

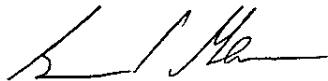
#### **Disclosure of information to auditors**

In accordance with section 418 of the Companies Act 2006 it is stated by the Directors who held office at the date of approval of this Directors' Report that, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This statement is made subject to all the provisions of section 418.

#### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By Order of the Board



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

30 June 2010

Incorporated in England & Wales  
Registered Office Fifth Floor, 6 Broad Street Place, London, EC2M 7JH  
Registered Number 5148601

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PILLAR FUNDING SERIES 2004-2 PLC**

We have audited the financial statements of Pillar Funding Series 2004-2 Plc for the year ended 31 December 2009 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the financial statements, as applied in accordance with the provisions of the Companies Act 2006. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements.

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 auditors' 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (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 web-site at [www.frc.org.uk/apb/scope/UKP](http://www.frc.org.uk/apb/scope/UKP).

### **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 the Company's result for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

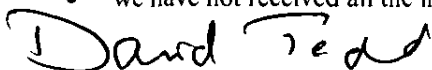
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

### **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 by the Company, 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.



David Todd (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

30 June 2010

## PILLAR FUNDING SERIES 2004-2 PLC

### STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

	Note	2009 £	2008 £
Interest receivable and similar income	3	6,320,950	28,718,724
Interest payable and similar charges	4	<u>(6,320,882)</u>	<u>(28,714,876)</u>
Net interest income		68	3,848
Other operating income	5	19,467	25,163
Administrative expenses	6	<u>(14,941)</u>	<u>(22,780)</u>
Profit before taxation		4,594	6,231
Income tax expense	7	(995)	(1,313)
Profit for the year		<u>3,599</u>	<u>4,918</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>3,599</u>	<u>4,918</u>

The accompanying notes on pages 9 to 16 form an integral part of these financial statements

## PILLAR FUNDING SERIES 2004-2 PLC

### BALANCE SHEET

as at 31 December 2009

	Note	2009 £	2008 £
<b>Assets</b>			
Investment securities	8	-	613,959,135
Other receivables	9	1	1,272
Cash at bank		136,567	116,010
<b>Total assets</b>		<u>136,568</u>	<u>614,076,417</u>
<b>Liabilities</b>			
Investment securities in issue	11	-	613,959,135
Corporation tax payable		964	1,246
Other payables	10	93,437	77,468
<b>Total liabilities</b>		<u>94,401</u>	<u>614,037,849</u>
<b>Equity shareholder's funds</b>			
Share capital	12	12,502	12,502
Retained earnings		29,665	26,066
<b>Total shareholder's funds</b>		42,167	38,568
<b>Total liabilities and equity shareholder's funds</b>		<u>136,568</u>	<u>614,076,417</u>

The accompanying notes on pages 9 to 16 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 30 June 2010 and were signed on its behalf by



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

Registered Number 5148601

## PILLAR FUNDING SERIES 2004-2 PLC

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2008	12,502	21,148	33,650
<b>Total comprehensive income for the period</b>			
Profit for the year	-	4,918	4,918
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	4,918	4,918
<b>Balance at 31 December 2008 and 1 January 2009</b>	12,502	26,066	38,568
<b>Total comprehensive income for the period</b>			
Profit for the year	-	3,599	3,599
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	3,599	3,599
<b>Balance at 31 December 2009</b>	12,502	29,665	42,167

The accompanying notes on pages 9 to 16 form an integral part of these financial statements



## PILLAR FUNDING SERIES 2004-2 PLC

### CASH FLOW STATEMENT

for the year ended 31 December 2009

	2009 £	2008 £
<b>Cash flows from operating activities</b>		
Profit before taxation	4,594	6,231
<b>Adjustments to reconcile net profit to cash flow used in operating activities</b>		
<b>Net decrease/(increase) in operating assets:</b>		
Other receivables	1,271	2,767
<b>Net increase in operating liabilities</b>		
Other payables	15,970	16,278
Tax paid	(1,278)	(1,762)
<b>Net cash inflow from operating activities</b>	<u>20,557</u>	<u>23,514</u>
<b>Cash flows from financing activities</b>		
Redemption of investment securities in issue	(613,959,135)	-
Interest paid on investment securities in issue	(6,320,882)	(29,369,315)
<b>Net cash outflow from financing activities</b>	<u>(620,280,017)</u>	<u>(29,369,315)</u>
<b>Cash flows from investing activities</b>		
Redemption of investment securities	613,959,135	-
Interest received on investment securities	6,320,882	29,369,315
<b>Net cash inflow from investing activities</b>	<u>620,280,017</u>	<u>29,369,315</u>
<b>Net increase in cash and cash equivalents</b>	20,557	23,514
Cash and cash equivalents at the beginning of the year	116,010	92,496
<b>Cash and cash equivalents at the end of the year</b>	<u>136,567</u>	<u>116,010</u>

The accompanying notes on pages 9 to 16 form an integral part of these financial statements

# **PILLAR FUNDING SERIES 2004-2 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the E U

The accounting policies set out in this note have been applied in the preparation of the financial statements for the year ended 31 December 2009

In previous years, the financial statements have been prepared on a going concern basis. However, after the redemption of the loan notes, the Company has ceased its core operation – As the Directors intend to liquidate the Company following the settlement of the remaining net assets, the Directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

In preparing these accounts the Company has adopted the following amendment to standards for the first time

- Revised IAS 1 'Presentation of Financial Statements' is effective for periods beginning after 1 January 2009. This has resulted in a Statement of Changes in Equity being included with the primary statements and a change to the name and presentation of the Statement of Comprehensive Income,
- IFRS 8 'Operating Segments' is effective for periods beginning after 1 January 2009. This has resulted in the Group presenting segmental information reflecting the current operating segments used to make operating decisions.

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

#### **Financial instruments**

The Company classifies its financial assets as loans and receivables and measures all of its financial liabilities at amortised cost.

#### *Loans and receivables and financial liabilities at amortised cost*

The Company's investment securities are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures both its loans and receivables and financial liabilities (other than derivatives) at amortised cost, whereby the principal balance is the amount at initial recognition, less any principal repayments and impairment and adjusted for the cumulative amortisation calculated using the effective interest rate (EIR) method.

#### **Interest receivable and payable**

Interest receivable represents interest from the Company's investments in loan notes issued by Arch (Term) Limited. Interest payable represents coupon interest on the loan notes issued by the Company. Interest income and interest expense on loans and receivables and liabilities held at amortised cost are recognised on an EIR basis, inclusive of transactions costs and fees (of which there are none), and discounts and premiums where appropriate. The EIR method is a method whereby estimated future contractual cash payments or receipts are discounted through the expected life of the financial instrument.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

#### **Foreign currencies**

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate at the date of the transaction. Foreign currency assets and liabilities are translated at the rates of exchange ruling on the balance sheet date. Exchange differences on monetary items are dealt with in the statement of comprehensive income under other operating income. Exchange differences on non-monetary items are recognised in line with whether the gain or loss on the non-monetary item itself is recognised in the statement of comprehensive income or in equity.

# **PILLAR FUNDING SERIES 2004-2 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. Significant accounting policies (continued)**

#### **Impairment losses on financial assets**

The Company assesses its financial assets or groups of financial assets for objective evidence of impairment at each balance sheet date. An impairment loss is recognised if there is a loss event (or events) that has occurred after initial recognition and has a reliably measurable impact on the present value of estimated future cash flows of the financial assets or groups of financial assets, using EIR as a discount rate.

Where the financial asset is carried at amortised cost, the Company measures the amount of the impairment loss by comparing the carrying amount of the asset with the present value of its estimated future cash flows.

In estimating the future cash flows, the Company looks at the expected cash flows of the assets and applies historical loss experience of assets with similar credit risks which have been adjusted for conditions in the historical loss experience which no longer exist, or for conditions which are expected to arise. The estimated future cash flows are discounted using the financial asset's original or variable EIR and exclude credit losses that have not yet been incurred.

The amount of the impairment loss is recognised immediately through the statement of comprehensive income and a corresponding reduction in the value of the financial asset is recognised through the use of an allowance account.

If, after an impairment loss has been recognised and the impairment decreases, the impairment loss is reversed through the statement of comprehensive income with a corresponding increase in the value of the underlying asset. This is limited to an amount so that the carrying value is no greater than it would have been without any impairment.

#### **Derivative financial instruments and hedge accounting**

The Company does not undertake transactions in derivative financial instruments, which include currency swaps, interest rate swaps, interest rate caps, forward rate agreements, options, credit derivatives and similar instruments.

#### **Taxation**

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise.

#### **Segmental reporting**

A business segment is defined by the Company as being a component that engages in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Company has one business segment and has operated entirely within the UK.

**PILLAR FUNDING SERIES 2004-2 PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. Interest receivable**

	2009 £	2008 £
Interest receivable on floating rate notes	6,320,882	28,714,876
Interest receivable on bank deposits	68	3,848
	<u>6,320,950</u>	<u>28,718,724</u>

**4 Interest payable**

	2009 £	2008 £
Interest payable on issued floating rate notes	<u>6,320,882</u>	<u>28,714,876</u>

**5. Other operating income**

	2009 £	2008 £
Fees and commissions receivable from Arch (Term) Limited	19,473	25,163
Other income	(6)	-
	<u>19,467</u>	<u>25,163</u>

**6. Administrative expenses**

	2009 £	2008 £
Tax services	1,725	2,350
SPV management fees	9,117	12,353
Other expenses	4,098	8,077
	<u>14,941</u>	<u>22,780</u>

Included within other administrative expenses is auditors' remuneration as follows

	2009 £	2008 £
Fees payable for the audit of the annual statutory accounts	<u>3,850</u>	<u>4,000</u>

During the year Wilmington Trust SP Services (London), a Director of the Company, received a fee of £9,117 (2008 £12,353) relating to the provision of corporate services. No further emoluments were received or are receivable by any other Director or key management personnel in respect of services provided to the Company.

Staff costs are borne by Egg Banking plc of which the Company is a quasi subsidiary.

# PILLAR FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Income tax expense

	2009 £	2008 £
<b>Corporation tax:</b>		
Current tax	(964)	(1,247)
Tax in respect of prior periods	(31)	(66)
	<u>(995)</u>	<u>(1,313)</u>
<b>Reconciliation of tax expense:</b>		
Profit/(loss) before tax	<u>4,594</u>	<u>6,231</u>
Profit/(loss) before tax multiplied by the standard rate of Corporation Tax in the UK of 28%	(1,286)	(1,745)
Effect of		
Small company rate of 21%	322	498
Tax in respect of prior periods	(31)	(66)
	<u>(995)</u>	<u>(1,313)</u>

The current tax liability of £964 represents the amount of income tax due in respect of the current period net of payments already made. There are no timing differences and no deferred tax has arisen.

### 8. Investment securities

	2009 £	2008 £
<b>Current assets</b>		
\$779,500,000 Class A FRNs	-	533,575,193
\$44,800,000 Class B FRNs	-	30,666,028
\$71,700,000 Class C FRNs	-	49,079,335
Interest receivable on FRNs	-	638,579
	<u>-</u>	<u>613,959,135</u>

On 28 September 2004, the Company acquired \$896m of floating rate notes ("FRNs") issued by Arch (Term) Limited translated at exchange rates prevailing on the balance sheet date. The FRNs were redeemed at par in September 2009.

Interest receivable on the FRNs is the stated margins over the relevant 3 month inter-bank offered rate. Interest is receivable quarterly in arrears and the accrued interest receivable as at the year-end is shown under current assets.

# PILLAR FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Other receivables

	2009	2008
	£	£
Fees and commissions receivable	-	1,164
Bank interest receivable	-	107
Amounts due from group undertakings	1	1
	<u>1</u>	<u>1,272</u>

Balances included in Amount due from group companies are explained in note 14

### 10. Other payables

	2009	2008
	£	£
Other payables due to group companies	<u>93,437</u>	<u>77,468</u>
	<u>93,437</u>	<u>77,468</u>

Balances included in Other payables due to group companies are explained in note 14

### 11 Investment securities in issue

		2009	2008
		£	£
<b>Current liabilities</b>	<b>Margin</b>		
\$779,500,000 Class A FRNs	\$LIBOR+0 14%	-	533,575,193
\$44,800,000 Class B FRNs	\$LIBOR+0 38%	-	30,666,028
\$71,700,000 Class C FRNs	\$LIBOR+0 88%	-	49,079,335
Interest payable on FRNs		-	638,579
		<u>-</u>	<u>613,959,135</u>

On 28 September 2004, the Company issued \$896m of floating rate notes ("FRNs") which were translated at exchange rates prevailing on the balance sheet date. The FRNs were redeemed at par in September 2009.

Interest payable on the FRNs is at the rated margins over the relevant 3 month inter-bank offered rate. Interest is payable quarterly in arrears and the accrued interest payable as at the year-end, is shown under current liabilities.

# PILLAR FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Share capital

	2009 £	2008 £
<b>Authorised:</b>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<b>Allotted and fully paid up:</b>		
2 ordinary shares of £1 each	2	2
<b>Allotted and quarter paid up:</b>		
49,998 ordinary shares of £1 each	12,500	12,500
	<u>12,502</u>	<u>12,502</u>

### 13. Financial instruments and risk management

The following analysis gives an indication of the significance of financial instruments to the Company

Disclosures for currency risk, interest rate risk, liquidity risk, credit risk and fair values of financial assets and liabilities are not applicable for 2009 year end as the notes were redeemed in September 2009

#### (a) Currency risk

The company has floating rate notes denominated in US Dollars. The exposure arising from movements in exchange rates are eliminated by the back to back issue and holding of matching floating rate notes. All other assets, liabilities and transactions are denominated in Sterling.

#### (b) Interest rate risk

The table below summarises the Company's exposure as at 31 December to interest rate risks and have been categorised by the earlier of the contractual re-pricing or maturity dates of those assets and liabilities

2008	Less than 1 year £	Non-interest Bearing £	Total £
<b>Investment securities</b>			
\$779,500,000 Class A FRNs	533,575,193	-	533,575,193
\$44,800,000 Class B FRNs	30,666,028	-	30,666,028
\$71,700,000 Class C FRNs	49,079,335	-	49,079,335
Accrued interest on FRNs	-	638,579	638,579
<b>Total</b>	<u>613,320,556</u>	<u>638,579</u>	<u>613,959,135</u>
<b>Investment securities in issue</b>			
\$779,500,000 Class A FRNs	(533,575,193)	-	(533,575,193)
\$44,800,000 Class B FRNs	(30,666,028)	-	(30,666,028)
\$71,700,000 Class C FRNs	(49,079,335)	-	(49,079,335)
Accrued interest on FRNs	-	(638,579)	(638,579)
<b>Total</b>	<u>(613,320,556)</u>	<u>(638,579)</u>	<u>(613,959,135)</u>
<b>Interest rate sensitivity gap</b>	<u>-</u>	<u>-</u>	<u>-</u>

# PILLAR FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 13 Financial instruments and risk management (continued)

#### (c) Liquidity risk

Residual contractual maturities of financial liabilities:

2008	Carrying amount £	Gross nominal inflow £	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £
<b>Non-derivative liabilities</b>						
Investment securities in issue	613,959,135	623,436,337	-	3,422,319	620,014,018	-

The Group's policy is to manage liquidity risk by matching the timing of the cash receipts from the floating rate notes with those of the cash payments due on the loan notes

#### (d) Fair values of financial assets and liabilities

The following table summarises the carrying values of those financial assets and liabilities not carried at fair value on the balance sheet at 31 December

	2008	
	Carrying value £	Fair value £
<b>Financial assets</b>		
Investment securities	<u>613,959,135</u>	<u>576,519,953</u>
<b>Financial liabilities</b>		
Investment securities in issue	<u>613,959,135</u>	<u>576,519,953</u>

The estimated fair value is primarily based on third party indicative prices



## **PILLAR FUNDING SERIES 2004-2 PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **14. Related party transactions**

The Company, together with its parent undertakings and the Arch Receivables Trust and Arch (Term) Limited, is deemed to be a quasi-subsiidiary of Egg Banking plc

Interest receivable on floating rate notes and fees and commissions are due from Arch (Term) Limited. These amounts are disclosed in notes 3 and 5 respectively. There were no amounts outstanding as at the year end (2008 £nil)

Wilmington Trust SP Services (London) Limited, the ultimate non-beneficial shareholder, under the terms of a Corporate Service Agreement, is contracted to receive fees for the provision of corporate services. At the year end the Company had fees accrued for these services of £64,384 (2008 £55,268)

At the year end the Company had £23,350 (2008 £19,500) of accrued audit fee which have been paid by Egg Banking Plc based on agreement of the two parties

Tax advisory fees accrued of an amount of £1,725 (2008 £nil) have been paid Arch (Term) Limited based on agreement of the two parties

Corporation tax liabilities accrued in the prior periods of a total amount of £1,278 (2008 £nil) have been paid by Egg Banking Plc based on agreement of the two parties

At the year end the Company owed £2,700 (2008 £2,700) to Pillar Holdings Limited, its parent company

At the year end the Company was owed £1 (2008 £1) by Pillar Holdings Limited, its parent company in respect of paid up share capital

#### **15. Parent undertakings**

The immediate parent undertaking is Pillar Holdings Limited. This is a quasi subsidiary of Egg Banking plc, a company registered in England and Wales

The smallest group into which the Company is consolidated is that of Egg Banking plc, registered in England and Wales. Copies of the financial statements can be found at Egg Banking plc, Citigroup Centre, Canada Square, London, E14 5LB, United Kingdom

The largest group in which the results of the Group are consolidated is that headed by Citigroup Inc. The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from [www.citigroup.com/citi/corporategovernance/ar.htm](http://www.citigroup.com/citi/corporategovernance/ar.htm)

The shares in Pillar Holdings Limited are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes