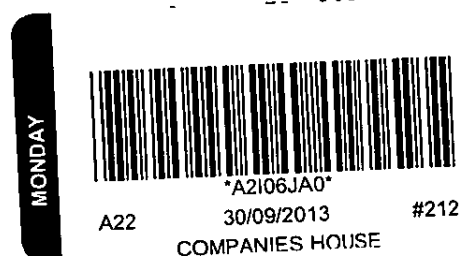


Britannia Treasury Services Limited
Directors' report and financial statements
for the year ended 31 December 2012

Registered Number 3416197



Britannia Treasury Services Limited

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Britannia Treasury Services Limited

Directors and advisors

Directors

Mr R A Burrows

Ms C L Gosling

Secretary

Mrs S Moss

Independent auditors

KPMG Audit Plc

St James Square

Manchester

M2 6DS

Registered office

1 Angel Square

Manchester

M60 0AG

Registered number

3416197

Britannia Treasury Services Limited

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of Britannia Treasury Services Limited (Registered Company No 3416197) for the year ended 31 December 2012

Principal activity

The Company was incorporated in England with the principal activity as an intermediate holding company on behalf of The Co-operative Bank plc 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, Mortgage Agency Services Number Six Limited, Mortgage Agency Services Number Seven Limited, Western Mortgage Services Limited and Platform Group Holdings Limited

Review of business and future developments

The profits of Britannia Treasury Services Limited are dependent on its subsidiary companies. Given current market conditions management expect these subsidiary companies to continue in business without striving for the levels of growth previously experienced, but looking to consolidate their position within the competitive environment. On 27 April 2012, the Company acquired a 100% investment in Mortgage Agency Services Number Three Limited.

During the year, the Company impaired 100% of its investment in Mortgage Agency Services Number One Limited.

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

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of The Co-operative Bank plc and are not managed separately. Accordingly, the principal risks and uncertainties of The Co-operative Bank plc, which include those of the Company, are discussed within the annual report of The Co-operative Bank plc, which does not form part of this report.

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 profit for the year after taxation amounted to £80,426,769 (2011 £26,030,443). The net assets of the Company at 31 December 2012 are £106,609,338 (2011 £56,182,569).

The directors do not propose a dividend for the year (2011 £30,000,000).

Directors and their interests

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

Mr R Bhatia (resigned 22 February 2013)
Mr P M Garlick (resigned 27 April 2013)
Mr W E Newby (resigned 21 June 2013)
Mr B Tootell (resigned 10 May 2013)
Mr P A Wilson (resigned 11 June 2013)
Mr R A Burrows (appointed 11 June 2013)
Ms C L Gosling (appointed 11 June 2013)

No director had any 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.

Britannia Treasury Services Limited

Directors' report for the year ended 31 December 2012 (continued)

Going concern

The directors have considered the Company's business activities together with its financial position and the factors likely to affect its future development and performance. See further detail in the Basis of preparation on page 8.

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 regulation.

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.

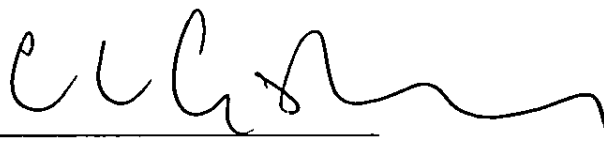
Disclosure of information to auditors

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.

Independent auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

On behalf of the Board

Signed 
Ms C L Gosling
Director

Date 25 September 2013

Independent auditor's report to the members of Britannia Treasury Services Limited

We have audited the financial statements of Britannia Treasury Services Limited for the year ended 31 December 2012 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 (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 auditors

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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs 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.

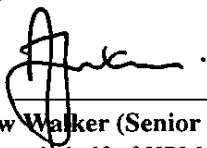
Matters on which we are required to report by exception

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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made within the Basis of preparation of the Company's financial statements concerning the Company's ability to continue as a going concern, in that section the directors set out the risks in connection with the recapitalisation plan of the parent undertaking, The Co-operative Bank plc (the 'Bank'), and the potential consequential impact on the Bank's ability to settle its debt to the Company. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Signed 
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

Date 25th September 2013

Britannia Treasury Services Limited
Statement of comprehensive income for the year ended 31 December 2012

	Notes	2012 £	2011 £
Interest receivable and similar income	2	112,536	-
Interest expense and similar charges	3	-	(248,802)
Net interest expense		112,536	(248,802)
Dividend income	4	85,345,000	26,217,000
Total income		85,457,536	25,968,198
Impairment of investment in subsidiary undertaking	8	(5,000,000)	-
Other operating expenses	6	(4,182)	(4,927)
Profit before taxation		80,453,354	25,963,271
Taxation	7	(26,585)	67,172
Profit attributable to equity holders	13	80,426,769	26,030,443

Profit is derived from continuing operations and all activities are in the UK

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

The accounting policies and notes on pages 8 to 16 form part of these financial statements

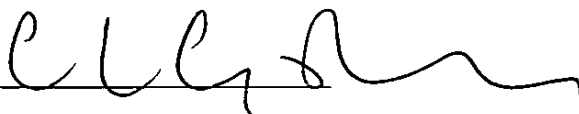
Britannia Treasury Services Limited **Balance sheet as at 31 December 2012**

	Notes	2012 £	2011 £
Assets			
Investments in subsidiary undertakings	8	59,500,410	64,500,410
Deferred tax asset	7	444	593
Other receivables	10	47,134,920	67,379
Total assets		106,635,774	64,568,382
Liabilities			
Other payables	11	26,436	8,385,813
Total liabilities		26,436	8,385,813
Equity			
Called up share capital	12	5,050,005	5,050,005
Retained earnings	13	101,559,333	51,132,564
Total equity and liabilities		106,635,774	64,568,382

The accounting policies and notes on pages 8 to 16 form part of these financial statements

Approved by the Board of Directors on 25 September 2013 and signed on its behalf by

Signed _____
Ms C L Gosling
Director



Britannia Treasury Services Limited
Statement of changes in equity for the year ended 31 December 2012

	Share Capital £	Retained Earnings £	Total £
Year ended 31 December 2012			
Balance at the beginning of the year	5,050,005	51,132,564	56,182,569
Profit for the year	-	80,426,769	80,426,769
Dividends paid	-	(30,000,000)	(30,000,000)
Balance at the end of the year	5,050,005	101,559,333	106,609,338

	Share Capital £	Retained Earnings £	Total £
Year ended 31 December 2011			
Balance at the beginning of the year	5,050,005	25,102,121	30,152,126
Profit for the year	-	26,030,443	26,030,443
Balance at the end of the year	5,050,005	51,132,564	56,182,569

The accounting policies and notes on pages 8 to 16 form part of these financial statements

Britannia Treasury Services Limited

Statement of accounting policies for the year ended 31 December 2012

Basis of preparation

Britannia Treasury Services Limited is a company incorporated and domiciled in England and Wales

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

- Amended IFRS 7 (Disclosures Transfers of Financial Assets (2010))

As permitted by section 400 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company itself is a wholly owned subsidiary of The Co-operative Bank plc, a body corporate registered in England, and is included in the consolidated financial statements of that body

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2012, the Company had an intercompany receivable of £47,134,920 due from its parent undertaking, The Co-operative Bank plc (the 'Bank'). The going concern position of the Company is dependent on the recovery of this asset and the continued support of the Bank.

The Bank is currently undertaking a recapitalisation plan. The execution of the recapitalisation plan, announced on 17 June 2013, is designed to significantly strengthen the capital base of the Bank through the addition of £1.5bn of common equity tier 1 capital, and provide the foundation from which the reshaping of the business as a core relationship bank can be undertaken.

In its interim financial statements for the six months ended 30 June 2013, the Bank disclosed a material uncertainty around the risk to a successful implementation of the recapitalisation plan, the main cornerstone of which is an Exchange Offer to bondholders in the final quarter of 2013. Continuing losses in the first half of 2013 within the interim financial report of the Bank, have reduced capital to a point where if the Exchange Offer does not take place, the Bank and its subsidiary entities would not remain a going concern for the foreseeable future. Further details are contained within part 3 of the Basis of Preparation section of the interim financial report of the Bank.

The directors have concluded that risks set out above in connection with the Bank's recapitalisation plan, could have a potential consequential impact on the Bank's ability to settle its debt to the Company, representing a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the current forecasts, and taking into account the material uncertainty described above, the directors have a reasonable expectation that the Company will have adequate resources to continue in business over this period. For these reasons, they continue to adopt the going concern basis in preparing these financial statements. These financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Functional and presentation currencies

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

Interest income and expense

Interest income and expense for financial assets and liabilities are amortised at cost through the statement of comprehensive income, calculated using the effective interest rate method.

Britannia Treasury Services Limited

Statement of accounting policies for the year ended 31 December 2012

(continued)

Interest income and expense (continued)

Effective interest rate

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument. The calculation includes all amounts receivable or payable by the Company that are an integral part of the overall return.

When a financial asset has been written down as a result of impairment or loss, subsequent interest income continues to be recognised using the original effective interest rate applied to the reduced carrying value of the financial instrument.

Taxation

Tax on the profit for the year comprises current tax and deferred 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 at the end of the reporting period. The current tax charge includes adjustments to tax payable in prior years.

Deferred tax

Deferred tax is provided in full using the liability method where there are temporary differences between the carrying value of assets and liabilities for accounting and for tax purposes.

Deferred tax is calculated using the tax rates that are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are only recognised as an asset where it is probable that there will be future taxable profits against which to offset them. Movements in deferred tax are recognised in the statement of comprehensive income.

Investments

Investments in subsidiaries are stated at cost less provisions for any impairment in value. Impairment is assessed by taking into consideration the financial position of the subsidiaries and any potential that the value of the subsidiary has fallen below the value of the investment held by the Company.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition.

Plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated using the straight line method to depreciate assets to their residual values over their estimated useful lives, as follows:

Plant and Equipment

3 – 7 years

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that its recoverable amount is less than its carrying value. The recoverable amount is the higher of the asset's fair value (less costs to sell) and its value in use.

Gains and losses on disposals of tangible fixed assets are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

Dividends

Dividends are only recognised in the financial statements by the Company once they have been approved by the shareholders.

Britannia Treasury Services Limited **Notes to the financial statements for the year ended 31 December 2012**

1 Profit before tax

Profit on ordinary activities before taxation is stated after charging

	2012 £	2011 £
Audit fees for the audit of the Company's financial statements	4,182	4,927

2 Interest receivable and similar income

	2012 £	2011 £
On financial assets not at fair value through income and expense		
Interest receivable from The Co-operative Bank plc	112,536	-

3 Interest expense and similar charges

	2012 £	2011 £
On financial liabilities not at fair value through income and expense		
Interest payable to The Co-operative Bank plc	-	248,802

4 Dividend income

Dividends were received from the following subsidiary undertakings

	2012 £	2011 £
Mortgage Agency Services Number Two Limited	32,000,000	1,500,000
Mortgage Agency Services Number Four Limited	9,000,000	4,500,000
Mortgage Agency Services Number Five Limited	38,000,000	19,000,000
Mortgage Agency Services Number Six Limited	2,000,000	-
Western Mortgage Services Limited	4,345,000	1,217,000
	85,345,000	26,217,000

5 Directors' emoluments and employees

The directors receive emoluments from The Co-operative Banking Group for services rendered to all companies in the Group. However, these are not apportioned to the individual companies.

At 31 December 2012, two directors have benefits accruing under The Co-operative Bank plc pension schemes (2011 five). Particulars of the latest actuarial valuations of the Group pension schemes are disclosed in the accounts of The Co-operative Bank plc.

The Company had no employees during the current or prior year.

Britannia Treasury Services Limited
Notes to the financial statements for the year ended 31 December 2012
(continued)

6 Other operating expenses

	2012 £	2011 £
Professional and accountancy fees	4,182	4,927

7 Taxation

	2012 £	2011 £
UK tax at 24.5% (2011: 26.49%)		
Corporation tax		
Current year	26,436	(67,379)
Total corporation tax	26,436	(67,379)
Deferred tax		
Current year	149	207
	26,585	(67,172)

Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the year is lower than the standard rate of corporation tax in the UK of 24.50% (2011: 26.49%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	80,453,354	25,963,271
Profit before tax multiplied by standard rate of tax	19,711,072	6,878,488
Effects of:		
Non-taxable income	(20,909,528)	(6,945,710)
Expenses not deductible for tax purposes	1,225,000	-
Change in rate	41	50
	26,585	(67,172)

The recognised deferred tax asset includes the following amounts:

	2012 £	2011 £
Accelerated capital allowances	444	593
	444	593

Britannia Treasury Services Limited **Notes to the financial statements for the year ended 31 December 2012** **(continued)**

7 Taxation (continued)

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

	2012 £	2011 £
Balance at the beginning of the year	593	800
Deferred tax utilised during the year	(149)	(207)
Balance at the end of the year	444	593

The above deferred tax asset will be recoverable more than 12 months after the end of the reporting period

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

8 Investments in subsidiary undertakings

	2012 £	2011 £
Balance at the beginning of the year	64,500,410	64,500,410
Impaired during the year	(5,000,000)	-
Balance at the end of the year	59,500,410	64,500,410

The Company holds 100% of the issued share capital of the following companies registered in England, trading in the businesses indicated:

Mortgage Agency Services Number One Limited	Mortgage and syndicated lending
Mortgage Agency Services Number Two Limited	Mortgage lending
Mortgage Agency Services Number Three Limited	Bank account custodian
Mortgage Agency Services Number Four Limited	Mortgage lending
Mortgage Agency Services Number Five Limited	Mortgage lending
Mortgage Agency Services Number Six Limited	Mortgage lending
Mortgage Agency Services Number Seven Limited	Mortgage lending
Western Mortgage Services Limited	Mortgage book administration
Platform Group Holdings Limited	Holding Company

During the year, the Company impaired 100% of its investment in Mortgage Agency Services Number One Limited.

Britannia Treasury Services Limited
Notes to the financial statements for the year ended 31 December 2012
(continued)

8 Investments in subsidiary undertakings (continued)

Platform Group Holdings Limited has the following wholly owned subsidiary undertakings, registered in England, operating in the UK and trading in the businesses indicated

Platform Consumer Services Limited	Mortgage lending
Platform Funding Limited	Mortgage origination
Platform Funding No 2 Limited	Finance Company
Platform Funding No 3 Limited	Finance Company
Platform Funding No 4 Limited	Finance Company
Platform Funding No 5 Limited	Finance Company
Platform Funding No 6 Limited	Finance Company
Platform Home Loans Limited	Mortgage origination and servicing

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

9 Plant and equipment

31 December 2012	Plant and equipment £
Cost	
Balance at the beginning of the year	58,750
Balance at the end of the year	58,750
Accumulated Depreciation	
Balance at the beginning of the year	58,750
Balance at the end of the year	58,750
Net book amount at 31 December 2012	-
31 December 2011	Plant and equipment £
Cost	
Balance at the beginning of the year	58,750
Balance at the end of the year	58,750
Accumulated Depreciation	
Balance at the beginning of the year	58,750
Balance at the end of the year	58,750
Net book amount at 31 December 2011	-

Britannia Treasury Services Limited
Notes to the financial statements for the year ended 31 December 2012
(continued)

10 Other receivables

	2012 £	2011 £
Amounts owed by The Co-operative Bank plc	47,134,920	-
Group tax relief receivable	-	67,379
	47,134,920	67,379

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 from The Co-operative Bank plc is 1 month LIBOR plus 21 basis points.

11 Other payables

	2012 £	2011 £
Amounts owed to The Co-operative Bank plc	-	8,385,813
Group tax relief payable	26,436	-
	26,436	8,385,813

The above group tax relief balance may be settled more than 12 months after the end of the reporting period. It represents amounts due to The Co-operative Bank plc companies, which will be settled through the intercompany account with The Co-operative Bank plc, once the group tax position has been finalised.

12 Called up share capital

	2012 £	2011 £
Issued and fully paid		
5,050,005 ordinary shares of £1 each	5,050,005	5,050,005

The Company's funding consists of share capital and intercompany funding provided by The Co-operative Bank plc. Capital is managed on the whole by The Co-operative Bank plc, who is subject to the capital requirements imposed by its regulator, the Prudential Regulation Authority ("PRA").

Britannia Treasury Services Limited
Notes to the financial statements for the year ended 31 December 2012
(continued)

13 Retained earnings

Movements in retained earnings were as follows

	2012 £	2011 £
Balance at the beginning of the year	51,132,564	25,102,121
Profit for the year	80,426,769	26,030,443
Dividends paid	(30,000,000)	-
Balance at the end of the year	101,559,333	51,132,564

14 Reconciliation of operating profit to net cash flows from operating activities

	2012 £	2011 £
Profit before taxation	80,453,354	25,963,271
Decrease in accruals	-	(5,157)
Interest (receivable)/payable	(112,536)	248,802
Cash flows from operating activities before changes in operating assets and liabilities	80,340,818	26,206,916
Impairment of investment in subsidiary undertaking	5,000,000	-
Net decrease in amounts owed to The Co-operative Bank plc	(55,408,197)	(26,299 151)
Taxation	67,379	92,235
Dividend paid	(30,000,000)	-
Net cash flows from operating activities	-	-

15 Ultimate parent undertaking and controlling entity

The Company's immediate parent undertaking is The Co-operative Bank plc, a corporate body registered in England. The Co-operative Bank plc is wholly owned by The Co-operative Group Limited.

The largest group in which the results 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 and registered in England under the Industrial and Provident Society Acts. The Co-operative Group Limited is the ultimate parent company and ultimate controlling party. The financial statements of the ultimate parent company are available from 1 Angel Square, Manchester M60 0AG. 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.

Britannia Treasury Services Limited **Notes to the financial statements for the year ended 31 December 2012** **(continued)**

16 Related party disclosures

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 in the financial statements below.

	Interest receivable and similar income £	Interest expense and similar charges £	Dividend income £	Balance due to/(from) Britannia Treasury Services Limited £
Year ended 31 December 2012				
The Co-operative Bank plc	112,536	-	85,345,000	47,134,920
Year ended 31 December 2011				
The Co-operative Bank plc	-	(248,802)	26,217,000	(8,385,813)

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

17 New pronouncements issued in 2012

The following pronouncements have been issued and will be effective for and relevant to the period beginning 1 January 2013:

- Amendments to IFRS 7 (Disclosures Offsetting Financial Assets and Liabilities)
- IFRS 13 (Fair Value Measurement (2011))

These pronouncements are not mandatory for the year ended 31 December 2012, they will become effective for annual periods beginning on or after 1 January 2013.

The following pronouncement has been issued and will be effective for and relevant to the period beginning 1 January 2014:

- Amendments to IAS 32 (Offsetting Financial Assets and Financial Liabilities)

This pronouncement is not mandatory for the year ended 31 December 2012, it will become effective, and has been adopted for use within the EU, for annual periods beginning on or after 1 January 2014.

The following pronouncement has been issued and will be effective for and relevant to the period beginning 1 January 2015:

- IFRS 9 (Financial Instruments Classification and Measurement (2010))

This pronouncement is not mandatory for the year ended 31 December 2012, it will become effective for annual periods beginning on or after 1 January 2015. early adoption is permitted once endorsed by the EU.