

Britannia Treasury Services Limited
Directors' report and financial statements
for the year ended 31 December 2019

Registered Number: 03416197

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Britannia Treasury Services Limited

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Britannia Treasury Services Limited

Company information

Directors

R J Adnett (Resigned 30 June 2019)

J D Bailey

L J Britnell (Appointed 30 June 2019)

Secretary

D C Whitehead (Resigned 14 February 2019)

C E Green (Appointed 14 February 2019)

Registered office

PO Box 101

1 Balloon Street

Manchester

M60 4EP

Registered number

03416197

Britannia Treasury Services Limited

Strategic report

The directors present their strategic report for the year ending 31 December 2019.

Principal Activities and business review

Britannia Treasury Services Limited (the 'Company') was incorporated in England (registered number 03416197). The Company was previously engaged as an intermediate holding company on behalf of The Co-operative Bank plc (the 'Bank') 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 and Platform Group Holdings Limited. All the aforementioned companies have been either sold or dissolved in prior years. As a result the Company is no longer trading. The Company is a wholly owned subsidiary of the Bank.

The profits of Britannia Treasury Services Limited were in the past dependent on its subsidiary companies as a result of dividend income. All of the remaining deferred income that arose on the sale of Western Mortgage Services Limited (WMS) was recognised in 2019.

Business Environment

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 report is taken solely from the statutory results prepared on the above basis.

Strategy and future outlook

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. The Company has ceased trading. As such, the accounts have been prepared on a basis other than going concern.

Principal risks and uncertainties

It is the responsibility of management to effectively manage the risk within the business, and the Company has a formal structure in place for monitoring risks that are reported to the Bank.

The impact of COVID-19 is unknown at this point, but the announced government stimulus is expected to mitigate some of this risk. As such, the Company is not expecting COVID-19 to have an impact on the operational plans of the Company. The Directors consider the emergence of the COVID-19 coronavirus pandemic to be a non-adjusting post balance sheet event.

The financial risks faced by the Company are credit risk and regulatory risk. A summary of these risks is included below:

- Credit risk is the risk that a customer or counterparty will not be able to meet its obligations to the Company as they become due. Credit risk arises on amounts owed from parent undertakings;
- Regulatory risk is the risk of fines, public censure, limitation on business, or restitution costs arising from failure to understand, interpret, implement and comply with UK and EU regulatory requirements.

Key performance indicators (KPIs)

There are no separate key performance indicators now that the Company no longer has any investments in subsidiaries. However the key performance indicators of the Company whilst it traded were the net interest income/expense and profit before tax disclosed on page 5.

Approved by the Board of Directors on 7 October 2020 and signed on its behalf by:



Director
Louise Britnell

Date: 7 October 2020

Britannia Treasury Services Limited

Directors' report

The directors present their report and the unaudited financial statements of Britannia Treasury Services Limited (Registered Company No. 03416197) for the year ended 31 December 2019.

Future of the entity

During 2017 the Company sold its investments in subsidiary undertakings and the last remaining subsidiary Platform Group Holdings Limited was dissolved on 29 March 2018. As a result the Company is no longer trading and the company accounts are therefore prepared on a basis other than going concern.

Results

The profit for the year, after tax, amounted to £13,367k (2018: £6,530k). The net assets of the Company at 31 December 2019 were £22,766k (2018: £9,399k).

Dividends

No dividends have been declared and paid in the year (2018: £nil).

Statement on employees

The Company had no employees during the current or prior year. The directors are employed by the Bank.

Directors' details

The directors who held office during the year and current appointments are disclosed on page 1.

No director had any beneficial interest in the share capital of the Company or any other company of the group at any time during the period under review.

Insurance and Indemnities

During 2019 the Company maintained appropriate directors' liability insurance in respect of legal action against its directors. In addition, qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in operation during the 2019 financial year and are in force for the benefit of the directors in relation to certain losses and liabilities which they may incur in connection with their appointment. The cost has been borne by the Bank and is not recharged.

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

The directors are responsible for preparing the strategic report, 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 period. 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 in accordance with International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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. For the reasons stated in the directors' report and note 1.2, these accounts are not prepared 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 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.

Britannia Treasury Services Limited

Directors' report (continued)

Post Balance sheet events

COVID-19

In early 2020 the COVID-19 pandemic impacted both the UK and the wider global economy. This resulted in a number of financial measures being announced by the UK government and the Bank of England, including a reduction in the Bank of England base rate to 0.1 %, a reduction in the counter-cyclical buffer to 0 % and a number of other stimulus measures to support the economy and employment levels. Whilst the full extent of these developments is not yet known, a period of financial market turbulence could be expected, which requires close monitoring of these economic and market developments, including the potential impact on our customers. Management does not expect there to be a significant impact on the Company and the Board does not expect to make fundamental changes to the Company's operational plans.

Audit exemption under section 479A of the Companies Act 2006

For the year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by the Board of Directors on 7 October 2020 and signed on its behalf by:



Director
Louise Britnell

Date: 7 October 2020

Britannia Treasury Services Limited

Statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 £	2018 £
Interest income and similar income	4	428,926	25,756
Other operating income	5	13,018,927	6,509,460
Total Income		13,447,853	6,535,216
Impairment of investment in subsidiaries		-	(1)
Profit before taxation		13,447,853	6,535,215
Income tax	7	(81,127)	(4,812)
Profit for the financial year		13,366,726	6,530,403

All results are from discontinued operations. All operations are in the UK.

There are no recognised gains or losses during the year or the prior year other than those passed through the statement of comprehensive income.

The accounting policies and notes on pages 9 to 12 form part of these financial statements.

Britannia Treasury Services Limited

Balance sheet

as at 31 December 2019

	Notes	2019 £	2018 £
Assets			
Other receivables	8	22,851,847	22,422,848
Total assets		22,851,847	22,422,848
Liabilities			
Group relief payable	9	81,014	4,627
Deferred Income	10	-	13,018,927
Other payables		4,813	-
Total liabilities		85,827	13,023,554
Equity			
Share capital	11	1	1
Retained earnings		22,766,019	9,399,293
Total equity		22,766,020	9,399,294
Total equity and liabilities		22,851,847	22,422,848

The accounting policies and notes on pages 9 to 12 form part of these financial statements.

For the year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board of Directors on 7 October 2020 and signed on its behalf by:



Director
Louise Britnell

Registered Company Number 03416197

Britannia Treasury Services Limited

Statement of changes in equity

For the year ended 31 December 2019

	Share capital £	Retained earnings £	Total £
2019			
At 1 January 2019	1	9,399,293	9,399,294
Total comprehensive income for the year	-	13,366,726	13,366,726
At 31 December 2019	1	22,766,019	22,766,020

	Share capital £	Retained earnings £	Total £
2018			
At 1 January 2018	1	2,868,890	2,868,891
Total comprehensive income for the year	-	6,530,403	6,530,403
At 31 December 2018	1	9,399,293	9,399,294

The share capital of the Company is disclosed in note 11 on page 11.

The notes on pages 9 to 12 form part of these financial statements.

Britannia Treasury Services Limited

Statement of cash flows

for the year ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows used in operating activities:			
Profit before taxation		13,447,853	6,535,215
Adjustments for:			
Decrease in deferred income		(13,018,927)	(6,509,460)
Increase in other receivables		(428,999)	(25,756)
Increase in other payables		4,813	-
Income tax / group relief paid		(4,740)	-
Impairment of investments in group undertakings		-	1
Net cash flows used in operating activities		-	-
Net movement in cash and cash equivalents			
Decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The notes on pages 9 to 12 form part of these financial statements.

Britannia Treasury Services Limited

Notes to the financial statements

1. Basis of preparation and significant accounting policies

1.1. Basis of preparation

Britannia Treasury Services Limited (the 'Company') is a company incorporated, registered and domiciled in England.

The Company is required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and implemented in the UK, interpretations issued by the IFRS Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to organisations reporting under IFRS.

1.2. Going concern

IAS 1 (Presentation of Financial Statements) requires Directors to make an assessment of a Company's ability to adopt the going concern basis of accounting in the future. IAS 1 states that the information should cover at least 12 months from the end of the reporting period but not be limited to that period. Financial Reporting Council (FRC) guidelines state that the information should consider a period of at least 12 months from the date the financial statements are authorised for issue.

The Company's financial statements are prepared on a basis which is other than going concern to reflect that the Company has ceased trading. Under this basis, the assets and liabilities are measured under the historical cost convention. No adjustments were necessary in these financial statements.

1.3. Significant accounting policies

1.3.1. Functional and presentational 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.

1.3.2. Interest receivable and similar income

Interest is accrued in the statement of comprehensive income using the effective interest rate method.

1.3.3. Income tax

a) Overview

Tax for the year comprises current tax, which is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of comprehensive income.

b) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

c) Deferred tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

d) Group relief

Group relief payable represents amounts due to the Bank and/or its subsidiaries as consideration for tax losses surrendered to the Company.

1.3.4. 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.

1.3.5. Dividends

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

Britannia Treasury Services Limited

1.3.6. Other financial assets and liabilities

Other financial assets and liabilities are recognised on an amortised cost basis. They are repayable on demand and the carrying value is therefore deemed equal to the fair value. There has been no material impact as a result of applying IFRS 9 accounting policies in the current year. Expected credit losses (ECL) are not material and therefore have not been presented.

1.4. Critical accounting estimates and judgements in applying accounting policies

There are no critical accounting estimates or judgements in applying the accounting policies.

2 Standards and interpretations issued but not yet effective

Minor amendments to IFRSs: The IASB has published a number of minor amendments to IFRSs that are effective from 1 January 2020, some of which have been endorsed for use in the EU. It is expected that they will have an insignificant effect on the financial statements when adopted.

3 Auditor's remuneration

Auditor remuneration for the year was as follows:

	2019 £	2018 £
Fees for the audit of the Company's financial statements	-	6,000

Auditor remuneration of £nil (2018: £6,000) was borne by the Bank and is not recharged. Audit fees are stated excluding VAT.

4 Interest receivable and similar income

	2019 £	2018 £
Interest receivable and similar income from group undertakings	428,926	25,756

5 Other operating income

Other operating income represents a release of the deferred income arising as a result of the sale of WMS. For more information please refer to note 10.

6 Directors' emoluments

The directors received emoluments from the Bank for services rendered to all of the companies consolidated within The Co-operative Bank Holdings Limited.

At 31 December 2019, one of the directors was accruing pension benefits (2018: two). Such benefits relate to their employment at the Bank. However, these are not recharged to the individual companies.

7 Taxation

	2019 £	2018 £
UK tax at 19% (31 December 2018: 19%)		
Corporation tax		
Current period	81,127	4,812
Total corporation tax	81,127	4,812

Britannia Treasury Services Limited

Factors affecting tax charge for the period

The average effective rate of corporation tax assessed for the period is different from the standard effective rate of corporation tax in the UK of 19 % (2018: 19 %).

	2019	2018
	£	£
Profit on ordinary activities before tax	13,447,853	6,535,215
Tax calculated at a rate of 19 % (31 December 2018: 19 %)	2,555,092	1,241,691
Effects of:		
Non-taxable income	(2,473,596)	(1,236,798)
Capital allowances not previously recognised	(369)	(81)
	81,127	4,812

The adjustment for non-taxable income arises as a result of the £13,018k of deferred income relating to the sale of Western Mortgage Services Limited in 2015.

8 Other receivables

	2019	2018
	£	£
Amounts owed by The Co-operative Bank plc	22,851,847	22,422,848

The amount owed by the Bank is expected to be settled more than 12 months after the end of the reporting period.

9 Group relief payable / receivable

The group relief payable represents amounts due to the Group companies, which is usually settled through the intercompany account with the Bank, once the Group tax position has been finalised.

10 Deferred income

	2019	2018
	£	£
Deferred income	-	13,018,927

Deferred income arose from the sale of Western Mortgage Services (WMS) to Capita on 1 August 2015. WMS was sold for a total gain of £29.4m, of which it was deemed appropriate to recognise £5.9m up front. It was determined that the remainder should be deferred over the lifetime of the service agreement with Capita, which currently runs to the end of 2020.

The amount to be deferred was calculated as the difference between proceeds and the fair value of WMS at the date of the sale. The amount deferred will be recognised in the income statement on a basis that reflects the performance of services for the Bank over the revised outsourcing agreement term.

Following the renegotiation of a contract with Capita during the year, the remaining deferred income was recognised during 2019 with no expectation for additional recognition in the future.

11 Share capital

	2019	2018
	£	£
Authorised, issued and fully paid		
1 (2018: 1) ordinary share of £1	1	1

The Company's funding consists of share capital. Capital is managed on the whole by the Bank, which is subject to the capital requirements imposed by its regulator the Prudential Regulation Authority (PRA).

Britannia Treasury Services Limited

12 Ultimate parent undertaking and controlling entity

The Company's immediate parent undertaking and controlling entity at 31 December 2019 was The Co-operative Bank plc, a company registered in England.

As at 31 December 2019, the directors regard The Co-operative Bank Holdings Limited as the ultimate parent company. The largest group in which the results of the Company are consolidated is The Co-operative Bank Holdings Limited, which is incorporated in England. The financial statements of this group are available from <http://www.co-operativebank.co.uk/investorrelations/financialresults> and from its registered office at PO Box 101, 1 Balloon Street, Manchester, M60 4EP.

13 Related party transactions

The directors of the Company consider The Co-operative Bank plc and its subsidiaries to be related parties of the Company. Transactions with related parties in the period are disclosed below:

	Interest receivable and other income	Group relief due (from)/to the Company	Net balance due to the Company ¹
Year ended 31 December 2019	£000	£000	£000
The Co-operative Bank plc	428,926	-	22,851,847
Second Roodhill Leasing Ltd	-	111	-
Platform Funding Ltd	-	(81,127)	-
Year ended 31 December 2018			
The Co-operative Bank plc	25,756	(4,627)	22,422,848

1. Gross balances have been reported in the respective notes to the financial statements. No formal netting arrangement exists between the Bank and the subsidiaries.

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

14 Post balance sheet events

COVID-19

In early 2020 the COVID-19 pandemic impacted both the UK and the wider global economy. This resulted in a number of financial measures being announced by the UK government and the Bank of England, including a reduction in the Bank of England base rate to 0.1%, a reduction in the counter-cyclical buffer to 0% and a number of other stimulus measures to support the economy and employment levels. Whilst the full extent of these developments is not yet known, a period of financial market turbulence could be expected, which requires close monitoring of these economic and market developments, including the potential impact on our customers. Management does not expect there to be a significant impact on the Company and the Board does not expect to make fundamental changes to the Company's operational plans.