

**Britannia Treasury Services Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2018**

Registered Number: 03416197



# Britannia Treasury Services Limited

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# **Britannia Treasury Services Limited**

## **Directors and advisors**

### **Directors**

R J Adnett

J D Bailey (Appointed 1 October 2018)

D M Miller (Resigned 1 October 2018)

C J Richardson (Resigned 23 July 2018)

### **Secretary**

D C Whitehead (Resigned 14 February 2019)

C E Green (Appointed 14 February 2019)

### **Independent auditor**

Ernst & Young LLP

2 St Peter's Square

Manchester

M2 3DF

### **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 2018.

### Principal Activities

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 except for Platform Group Holdings Limited have been either sold or dissolved in prior years. Platform Group Holdings Limited was dissolved on 29 March 2018. As a result the Company is no longer trading. The Company is a wholly owned subsidiary of the Bank.

### Business Review

The profits of Britannia Treasury Services Limited were in the past dependent on its subsidiary companies as a result of dividend income. In the future, the only expected income within the Company will be the recognition of deferred income that arose on the sale of Western Mortgage Services Limited (WMS). The Company also incurs an audit fee for the external audit of its financial statements, which the Bank pays on the Company's behalf.

### 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.

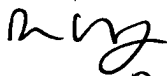
The financial risks faced by the Company are credit risk and regulatory risk. A summary of these risks is included below:

- 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 7.

Approved by the Board of Directors on 23 May 2019 and signed on its behalf by:

  
RICHARD ADNETT  
Director

# Britannia Treasury Services Limited

## Directors' report

The directors present their report and the audited financial statements of Britannia Treasury Services Limited (Registered Company No. 03416197) for the year ended 31 December 2018.

### 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 £6,530k (2017: £54,164k). The net assets of the Company at 31 December 2018 were £9,399k (2017: £2,869k).

### Dividends

No dividends have been declared and paid in the year (2017: £929k).

### 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 of the Company during the year and current appointments are given below:

R J Adnett

J D Bailey (Appointed 1 October 2018)

D M Miller (Resigned 1 October 2018)

C J Richardson (Resigned 23 July 2018)

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 2018 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 2018 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 1.1, 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)

### Statement on disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Independent auditor

The auditor, Ernst & Young LLP is deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

Approved by the Board of Directors on 23 May 2019 and signed on its behalf by:



**RICHARD ADSETT**  
Director

# Britannia Treasury Services Limited

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

### Opinion

We have audited the financial statements of Britannia Treasury Services Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity, Statement of cash flows and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 1.1 to the financial statements which explains that the entity has ceased trading and therefore the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1.1. Our opinion is not modified in respect of this matter.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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

# Britannia Treasury Services Limited

## Independent auditor's report to the members of Britannia Treasury Services Limited (continued)

### Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.

Signed:



Stephen Littler (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

23 May 2019



# Britannia Treasury Services Limited

## Statement of comprehensive income

for the year ended 31 December

	Notes	2018 £	2017 £
Interest receivable and similar income	3	25,756	-
Dividend income	4	-	50,367,037
Other operating income	5	6,509,460	3,796,606
<b>Total income</b>		<b>6,535,216</b>	<b>54,163,643</b>
Impairment of investment in subsidiaries		(1)	(1)
<b>Profit before taxation</b>		<b>6,535,215</b>	<b>54,163,642</b>
Taxation (charge)/credit	7	(4,812)	112
<b>Profit attributable to equity holders</b>		<b>6,530,403</b>	<b>54,163,754</b>

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 11 to 15 form part of these financial statements.

# Britannia Treasury Services Limited

## Balance sheet

as at 31 December

	Notes	2018 £	2017 £
<b>Assets</b>			
Investment in subsidiary undertakings	8	-	1
Other receivables	9	22,422,848	22,397,092
Group relief receivable	10	-	185
<b>Total assets</b>		<b>22,422,848</b>	<b>22,397,278</b>
<b>Liabilities</b>			
Group relief payable	10	4,627	-
Deferred Income	11	13,018,927	19,528,387
<b>Total liabilities</b>		<b>13,023,554</b>	<b>19,528,387</b>
<b>Equity</b>			
Share capital	12	1	1
Retained earnings		9,399,293	2,868,890
<b>Total equity</b>		<b>9,399,294</b>	<b>2,868,891</b>
<b>Total equity and liabilities</b>		<b>22,422,848</b>	<b>22,397,278</b>

The notes on pages 11 to 15 form part of these financial statements.

Approved by the Board of Directors on 23 May 2019 and signed on its behalf by:



**RICHARD AONETT**  
Director

Registered Company Number 03416197

# Britannia Treasury Services Limited

## Statement of changes in equity

For the year ended 31 December

	Share capital £	Retained earnings £	Total £
<b>2018</b>			
Balance at the beginning of the year	1	2,868,890	2,868,891
Profit for the year	-	6,530,403	6,530,403
<b>Balance at the end of the year</b>	<b>1</b>	<b>9,399,293</b>	<b>9,399,294</b>

	Share capital £	Retained earnings £	Total £
<b>2017</b>			
Balance at the beginning of the year	5,050,005	(55,415,541)	(50,365,536)
Share capital reduction <sup>1</sup>	(5,050,004)	5,050,004	-
Dividends paid	-	(929,327)	(929,327)
Profit for the year	-	54,163,754	54,163,754
<b>Balance at the end of the year</b>	<b>1</b>	<b>2,868,890</b>	<b>2,868,891</b>

1. On 24 March 2017 the Company reduced its share capital by £5,050,004. This was done by way of solvency statement and special resolution. The resulting ordinary share capital is £1. The share capital of the Company is disclosed in note 12 on page 15.

The notes on pages 11 to 15 form part of these financial statements.

# Britannia Treasury Services Limited

## Statement of cash flows

for the year ended 31 December

	Notes	2018 £	2017 £
<b>Cash flows used in operating activities:</b>			
Profit before taxation		6,535,215	54,163,642
Adjustments for:			
Dividends received		-	(50,367,037)
Decrease in deferred income		(6,509,460)	(3,797,186)
(Increase)/decrease in other receivables		(25,756)	4,650,585
Decrease in other payables		-	(88,633,719)
Income tax / group relief paid		-	(41,681)
Impairment of investments in group undertakings		1	1
<b>Net cash flows used in operating activities</b>		-	(84,025,395)
<b>Cash flows from investing activities:</b>			
Dividends received		-	50,367,037
Proceeds from sale of investment		-	34,587,685
<b>Net cash flows from investing activities</b>			84,954,722
<b>Cash flows used in financing activities:</b>			
Dividends paid		-	(929,327)
<b>Net cash flows used in financing activities</b>		-	(929,327)
<b>Net movement in cash and cash equivalents</b>			-
Decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
<b>Cash and cash equivalents at the end of the year</b>		-	-

The notes on pages 11 to 15 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'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.

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.

#### 1.1.1. Standards and interpretation issued and effective

##### • IFRS 9 (Financial Instruments)

IFRS 9 as issued by the IASB in 2014 has been adopted with an effective date of 1 January 2018. The requirements of IFRS 9 were not early adopted in previous periods. The adoption of IFRS 9 resulted in changes in accounting policies however no adjustments were required to the financial statements.

Comparative information has not been restated as permitted by the transitional provisions of IFRS 9. Adjustments to the carrying values of financial instruments at the date of transition to IFRS 9 have been recognised in the opening reserves of 2018. Consequently, for note disclosures, the amendments to IFRS 7 as a result of adoption of IFRS 9 have only been applied to the current year. The comparative disclosures reflect those reported in financial statements for the year ended 31 December 2017.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition and de-recognition, classification and measurement of financial instruments and impairment of financial assets. The adoption of IFRS 9 also significantly amends other standards dealing with financial instruments, including IFRS 7 'Financial Instruments: Disclosures', which have been adopted within these financial statements.

Other standards and interpretations have been issued but these are not considered to be relevant to the Company's operations.

#### 1.1.2. Standards and interpretation in issue but not yet effective

##### • IFRIC 23 (Uncertainty over Income Tax Treatments)

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 (Income Taxes). IFRIC 23 was formally endorsed in October 2018. The amendments are effective for reporting periods beginning on or after 1 January 2019 with earlier adoption permitted. The impact of the amendments has not yet been quantified.

Other standards and interpretations have been issued but these are not considered to be relevant to underlying operations. The intention is to comply with the standards from the date they become effective.

### 1.2. Significant accounting policies

#### 1.2.1. 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.

#### 1.2.2. Interest receivable and similar income

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

#### 1.2.3. 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.

# Britannia Treasury Services Limited

## Notes to the financial statements (continued)

### 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.

### 1.2.4. **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.

### 1.2.5. **Dividends**

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

### 1.2.6. **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.

### 1.3. **Critical accounting estimates and judgements in applying accounting policies**

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

## 2. Auditor's remuneration

Auditor remuneration for the year was as follows:

	2018 £	2017 £
Fees for the audit of the Company's financial statements	6,000	7,500

Auditor remuneration of £6,000 (2017: £7,500) was borne by the Bank and is not recharged. Audit fees are stated excluding VAT.

## 3. Interest receivable and similar income

	2018 £	2017 £
Interest receivable and similar income from group undertakings	25,756	-

## 4. Dividend income

	2018 £	2017 £
Mortgage Agency Services Number Five Limited	-	50,367,037

# Britannia Treasury Services Limited

## Notes to the financial statements (continued)

### 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 11.

### 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 2018, two of the directors were accruing pension benefits (2017: three). Such benefits relate to their employment at the Bank. However, these are not recharged to the individual companies.

### 7. Taxation

	Year to 31 December 2018 £	Year to 31 December 2017 £
UK tax at 19% (31 December 2017: 19.25%)		
Corporation tax		
Current period	4,812	(112)
Total corporation tax	4,812	(112)

#### 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% (Year ended 31 December 2017: 19.25%).

	Year to 31 December 2018 £	Year to 31 December 2017 £
Profit on ordinary activities before tax	6,535,215	54,163,642
Tax calculated at a rate of 19.00% (31 December 2017: 19.25%)	1,241,691	10,424,646
Effects of:		
Non-taxable income	(1,236,798)	(10,424,766)
Capital allowances not previously recognised	(81)	-
Group relief not charged for	-	8
	4,812	(112)

The adjustment for non-taxable income arises as a result of the £6,509k of deferred income relating to the sale of Western Mortgage Services Limited in 2015.

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce further to 17% effective from 1 April 2020.

# Britannia Treasury Services Limited

## Notes to the financial statements (continued)

### 8. Investments in subsidiary undertakings

	2018 £	2017 £
Balance at the beginning of the year	1	34,587,686
Sale of investment in Mortgage Agency Services Number One Limited	-	(31,087,681)
Sale of investment in Mortgage Agency Services Number Two Limited	-	(2)
Sale of investment in Mortgage Agency Services Number Four Limited	-	(500,000)
Sale of investment in Mortgage Agency Services Number Five Limited	-	(2,500,000)
Sale of investment in Mortgage Agency Services Number Six Limited	-	(250,000)
Reduction of investment in Mortgage Agency Services Number Seven Limited	-	(250,000)
Reduction of investment in Mortgage Agency Services Number Three Limited	-	(2)
Reduction of investment in Platform Group Holdings Limited	(1)	-
Balance at the end of the year	-	1

Platform Group Holdings Limited was dissolved on 29 March 2018.

### 9. Other receivables

	2018 £	2017 £
Amounts owed by The Co-operative Bank plc	22,422,848	22,397,092

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

### 10. Group relief payable / receivable

The group relief payable (2017: receivable) 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.

### 11. Deferred income

	2018 £	2017 £
Deferred income	13,018,927	19,528,387

The above amount of £13.0m 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.



# Britannia Treasury Services Limited

## Notes to the financial statements (continued)

### 12. Share capital

	2018 £	2017 £
<b>Authorised, issued and fully paid</b>		
1 (2017: 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).

### 13. Ultimate parent undertaking and controlling entity

The Company's immediate parent undertaking and controlling entity at 31 December 2018 was The Co-operative Bank plc, a company registered in England.

As at 31 December 2018, 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.

### 14. 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 £000	Dividend income £000	Group relief due (from)/to the Company £000	Net balance due to the Company <sup>1</sup> £000
<b>Year ended 31 December 2018</b>				
<b>The Co-operative Bank plc</b>	<b>25,756</b>	<b>-</b>	<b>(4,627)</b>	<b>22,422,848</b>
<b>Year ended 31 December 2017</b>				
The Co-operative Bank plc	-	-	185	22,397,092
Mortgage Agency Services Number Five Limited	-	50,367,037	-	-

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.