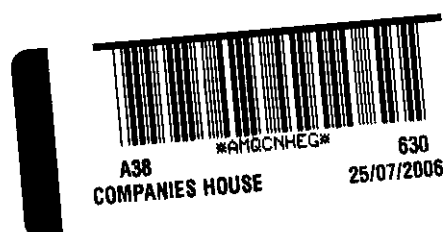


Platform Group Holdings Limited
Directors' report and financial statements
for the year ended 31 December 2005

Registered Number 3936396



Platform Group Holdings Limited

Directors' report and financial statements for the year ended 31 December 2005

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Platform Group Holdings Limited

Directors and advisors

Directors

PCSL Services No. 1 Limited

R Green

G Gregory

P Lee

P Mills

Secretary

R Green

Auditors

PricewaterhouseCoopers LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Solicitors

Clifford Chance Limited Liability Partnership

10 Upper Bank Street

London

E14 5JJ

Registered Office

Britannia House

Cheadle Road

Leek

Staffordshire

ST13 5RG

Registered Number

3936396

Platform Group Holdings Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

Principal activities

The principal activity of the company is that of a holding company of a group that invests in residential mortgage loan portfolios.

Review of business and future developments

The performance of the business and the year end financial position were satisfactory. The directors expect the future performance of the company to be comparable to the current year although the year ahead will be influenced by market conditions.

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. The comparative financial information was previously reported under United Kingdom Generally Accepted Accounting Principles ("UK GAAP"). 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 tax, amounted to £22,646,000 (2004: £15,415,000). No dividend for the year is proposed. (2004: £22,089,000).

Directors and their interests

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

PCSL Services No. 1 Limited
R Green
G Gregory
P Mills
P Lee

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that International Financial Reporting Standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial risk management

The company is exposed to the following risks:

Credit Risk:

The directors do not consider the risk associated with amounts due to the company as significant due to the balances being due from Britannia Building Society Group.

Platform Group Holdings Limited

Directors' report for the year ended 31 December 2005 (continued)

Liquidity and cash flow risk:

The company has a facility to drawdown from Britannia Building Society, its ultimate parent company to ensure that sufficient liquidity is maintained.

The directors have considered other financial risks and the directors confirm that they are not significant.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board



P A Lee for PCSL Services No. 1 Limited

Director

14 July 2006

Platform Group Holdings Limited

Independent auditors' report to the members of Platform Group Holdings Limited

We have audited the financial statements of Platform Group Holdings Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Statement of Recognised Income and Expense, the Cash Flow Statement, the Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester

14 July 2006

Platform Group Holdings Limited

Income statement for the year ended 31 December 2005

	Notes	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Interest income	2	2,541		2,021	
Dividend income	5	20,674		14,000	
Profit before tax	1		23,215		16,021
Taxation on profit on ordinary activities	4		(569)		(606)
Profit for the year after tax			22,646		15,415

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

Statement of recognised income and expense for the year ended 31 December 2005

There were no gains or losses, in the year ended 31 December 2005 or the year ended 31 December 2004, other than that shown above.

Platform Group Holdings Limited

Balance sheet as at 31 December 2005

	Notes	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Assets					
Investments	6	5,000		5,000	
Bank deposits	7	-		3	
Other assets	9	52,743		29,794	
Total Assets			57,743		34,797
Liabilities					
Other liabilities	10	(44,089)		(22,269)	
Current tax liability		(1,175)		(606)	
Total Liabilities			(45,264)		(22,875)
Net Assets			12,479		11,922
Equity					
Called up equity share capital	11		8,764		8,764
Retained earnings	13		3,715		3,158
Total equity			12,479		11,922

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

Approved by the board of directors on the 14 July 2006 and signed on its behalf by:



P A Lee for PCSL Services No. 1 Limited
Director

Platform Group Holdings Limited

Cash flow statement for the year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Net Cash outflow/inflow from operating activities	12	(3)	272
Tax paid		-	(269)
Net cash flow from financing activities		-	-
Net (decrease)/increase in cash and equivalents		(3)	3
Cash and cash equivalents at start of year		3	-
Cash and cash equivalents at end of year		-	3

Platform Group Holdings Limited

Statement of accounting policies

Basis of preparation

Prior to 2005, the company prepared its audited financial statements under UK Generally Accepted Accounting Principles (UK GAAP) and in accordance with Companies Act 1985. From 1 January 2005, the company has chosen to prepare its annual financial statements in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as endorsed by the European Union (EU) and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The date of transition to IFRS for the company was 1 January 2004 and the company prepared its opening IFRS balance sheet as at that date.

The comparative figures in respect of 2004 have been prepared in compliance with IFRS. Reconciliations and explanations of the effect of adopting IFRS compliant accounting policies on the company's equity (net assets), profits and cash flows are provided in note 17.

The company accounts have been prepared on a historical cost basis.

There are no significant uncertainties or key estimates applied in the basis of preparing these financial statements.

As permitted by Section 228 of the Companies Act 1985, consolidated financial statements have not been prepared because the company itself is a wholly owned subsidiary of Britannia Building Society, a body corporate registered in England, and is included in the consolidated financial statements of that body.

Income and interest expense

Interest is accrued in the profit and loss account on a receivable and payable basis.

Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition.

Dividends

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

Investments

Investments are shown at cost less provision for impairment.

Adoption of IAS 32 and IAS 39

The result of the company's decision to adopt the IFRS 1 exemption to not restate comparatives for IAS 32 (Financial instruments : Disclosure and presentation) and IAS 39 (Financial instruments : Recognition and measurement) has not led to any accounting policies changing from 1 January 2005.

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005 £'000	2004 £'000
Auditors' remuneration in respect of audit services	-	-

2 Interest income

	2005 £'000	2004 £'000
Interest receivable from Platform Consumer Services Limited	2,541	2,018
Other interest income	-	3
	2,541	2,021

3 Directors' emoluments and employees

The directors received no emoluments in respect of their services during the year (2004: £nil).

There are four directors to whom benefits are accruing under the Britannia Building Society Pension schemes (2004: four).

The company had no employees during the year (2004: nil).

4 Taxation

	2005 £'000	2004 £'000
UK tax at 30% (2004: 30%)		
Corporation tax		
Current	762	606
Prior year items	(193)	-
Total corporation tax	569	606
Deferred tax		
Current	-	-
	569	606

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

4 Taxation (continued)

Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	23,215	16,021
Profit before tax multiplied by standard rate of tax	6,964	4,806
Effects of:		
Dividends from UK subsidiaries	(6,202)	(4,200)
Adjustments to tax charge in respect of previous year	(193)	-
Total tax charge for the year	569	606

5 Dividend income

	2005 £'000	2004 £'000
Dividend income from Platform Consumer Services Limited	20,674	14,000

6 Investments

Principal group investments

The group has investments in the following subsidiary undertakings.

Subsidiary undertakings	Country of incorporation	Principal activity	Holding £	%
Platform Consumer Services Limited	United Kingdom	Holding company	5,000,000	100.0
Platform Funding Limited	United Kingdom	Mortgage origination	1	100.0
Platform Funding No. 2 Limited	United Kingdom	Holding company	2	100.0
Platform Funding No. 3 Limited	United Kingdom	Financial warehouse	2	100.0
Platform Funding No. 4 Limited	United Kingdom	Financial warehouse	1	100.0
Platform Funding No. 5 Limited	United Kingdom	Financial warehouse	1	100.0
Platform Funding No. 6 Limited	United Kingdom	Finance company	1	100.0
Platform Home Loans limited	United Kingdom	Mortgage origination and servicing	1,000,000	100.0
Plum Sterling No 1 PLC	United Kingdom	Ceased trading on 18 February 2003	49,900	99.8
PCSL Services No.1 limited	United Kingdom	Dormant	2	100.0
PCSL Services No.2 Limited	United Kingdom	Dormant	2	100.0
TSN Options Limited	United Kingdom	Dormant	2	100.0

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

6 Investments (continued)

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

Platform Home Loans No. 1 PLC and Platform Home Loans No. 2 PLC and their respective holdings companies Platform Home Loans Holdings Limited and Platform Home Loans Holdings No. 2 Limited, all incorporated in the United Kingdom, are regarded as subsidiaries of the company.

	£'000
Cost less provision for impairment	
At 1 January 2005 and 31 December 2005	5,000

7 Bank deposits

	2005 £'000	2004 £'000
Bank deposits (included in cash equivalents: note 8)	-	3

8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than 3 months maturity from the date of acquisition:

	2005 £'000	2004 £'000
Bank deposits (note 7)	-	3

9 Other assets

	2005 £'000	2004 £'000
Amounts owed by Platform Consumer Services Limited	52,743	29,794

All of the above balances are expected to be settled no more than one year after the balance sheet date.

The amount owed by Britannia Building Society Group have a variable rate based on 1 month LIBOR plus 21 basis points.

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

10 Other liabilities

	2005 £'000	2004 £'000
Amounts owed to Britannia Treasury Services Limited	44,089	22,269

All of the above balances are expected to be settled more than 12 months after the balance sheet date:

Amounts owed to Group undertakings £ 44,089,000 (2004: £22,269,000).

These represent amounts owed to Britannia Building Society's subsidiaries. There is no formal repayment schedule for these monies. The nature of the loan is such, however, that repayment cannot be anticipated within one year but will be repaid as the company receives funds in respect of amounts due from other subsidiaries.

11 Called up share capital

	2005 £'000	2004 £'000
Authorised		
45,000,000 ordinary shares of £1 each	45,000	45,000
Issued and fully paid		
8,764,288 ordinary shares of £1 each	8,764	8,764

12 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £'000	2004 £'000
Profit for the year before taxation	23,215	16,021
Net increase in other assets	(22,949)	(15,994)
Net increase in other liabilities	(269)	245
Net cash (outflow)/inflow from operating activities	(3)	272

Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	2004 £'000	Cash Flow £'000	2005 £'000
Cash in hand and balances at bank	3	(3)	-

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

13 Retained earnings

	2005 £'000	2004 £'000
Balance as at 1 January	3,158	1,743
Dividend paid in the year	(22,089)	(14,000)
Profit for the year	22,646	15,415
Balance as at 31 December	3,715	3,158

14 Ultimate parent undertaking and controlling entity

The company's immediate parent undertaking is Britannia Treasury Services Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is Britannia Building Society, a body corporate registered in England.

Copies of the financial statements in which the company is consolidated are available from: Britannia House, Leek, Staffordshire, ST13 5RG.

The society is a mutual organisation owned by its members and consequently has no ultimate controlling body.

15 Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. No dividend will be proposed at the meeting to be held on 17 July 2006. (2004: actual £22,089,000).

16 Related party disclosures

As stated in the note above, the company is a subsidiary of Britannia Building Society. Consequently the directors of the company consider Britannia Building Society and its subsidiaries to be related parties of the company. Transactions with Britannia Building Society and its subsidiaries are disclosed in the financial statements as follows:

	2005 £'000	2004 £'000
Interest receivable from Platform Consumer Services Limited	2,541	2,018
Amounts owed by Platform Consumer Services Limited	52,743	29,794
Amounts owed to Britannia Treasury Services Limited	44,089	22,269

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

17 Transition to International Financial Reporting Standards

Balance sheet as at 31 December 2003: reconciliation between UK GAAP and IFRS

	Note	UK GAAP 31 December 2003 £'000	Balance sheet re- classification £'000	Other effects of IFRS £'000	IFRS 31 December 2003 £'000
ASSETS					
Investments		5,000	-	-	5,000
Bank deposits		-	-	-	-
Other assets	1	27,800	-	(14,000)	13,800
Total assets		32,800	-	(14,000)	18,800
LIABILITIES					
Other liabilities	1	(22,024)	-	14,000	(8,024)
Current tax liabilities		(269)	-	-	(269)
Total liabilities		(22,293)	-	14,000	(8,293)
Net assets		10,507	-	-	10,507
Called up share capital		8,764	-	-	8,764
Retained earnings		1,743	-	-	1,743
Total equity		10,507	-	-	10,507

Notes to the reconciliation:

- 1 Write back of 2003 dividend. Dividend is only accounted for when agreed at the Annual General Meeting.

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

17 Transition to International Financial Reporting Standards (continued)

Income statement for the year ended 31 December 2004: reconciliation between UK GAAP and IFRS

	Note	UK GAAP year ended 31 December 2004 £'000	Effect of Transition to IFRS (excl. IAS 32 and IAS 39) £'000	IFRS year ended 31 December 2004 £'000
Interest income		2,021	-	2,021
Profit on ordinary activities before taxation		2,021	-	2,021
Tax		(606)	-	(606)
Profit on ordinary activities after taxation		1,415	-	1,415
Dividend income	1	20,674	(6,674)	14,000
Dividends payable	1	(22,089)	22,089	-
Profit for the year transferred to reserves		-	15,415	15,415

Notes to the reconciliation:

- 1 Write back of 2004 dividend. Dividend is only accounted for when agreed at the Annual General Meeting.

Platform Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

17 Transition to International Financial Reporting Standards (continued)

A reconciliation between the IFRS balance sheet as at 31 December 2004 and the IFRS balance sheet as at 1 January 2005 has not been prepared, as there are no effects of IAS 32 or IAS 39 to be taken into account.

Balance sheet as at 31 December 2004: reconciliation between UK GAAP and IFRS

	Note	UK GAAP 31 December 2004 £'000	Balance sheet re- classification £'000	Other effects of IFRS £'000	IFRS 31 December 2004 £'000
ASSETS					
Investments		5,000	-	-	5,000
Bank deposits		3	-	-	3
Other assets	1	50,468	-	(20,674)	29,794
Total assets		55,471	-	(20,674)	34,797
LIABILITIES					
Other liabilities	1	(44,358)	-	22,089	(22,269)
Current tax liabilities		(606)	-	-	(606)
Total liabilities		(44,964)	-	22,089	(22,875)
Net assets		10,507	-	1,415	11,922
Called up share capital		8,764	-	-	8,764
Retained earnings		1,743	-	1,415	3,158
Total equity		10,507	-	1,415	11,922

Notes to the reconciliation:

- 1 Write back of 2004 dividend. Dividend is only accounted for when agreed at the Annual General Meeting.