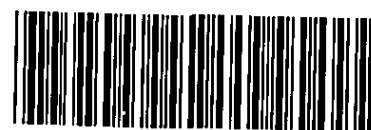


**Platform Group Holdings Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2007**

Registered Number 3936396

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# Platform Group Holdings Limited

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# **Platform Group Holdings Limited**

## **Directors and advisors**

### **Directors**

PCSL Services No 1 Limited

G Gregory (resigned 31 March 2008)

P Lee

P Mills

### **Secretary**

R Hylton

### **Independent Auditors**

PricewaterhouseCoopers LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

### **Solicitors**

Clifford Chance LLP

10 Upper Bank Street

London

E14 5JJ

### **Registered Office**

Newton House

Cheadle Road

Leek

Staffordshire

ST13 5RG

### **Registered Number**

3936396

# Platform Group Holdings Limited

## Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

### 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 development

During the year dividend income decreased due to the weakened performance of the company's subsidiaries. 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

### Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using Key performance indicators is not necessary for an understanding of the development, performance or position of the business

### Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to other assets. The directors do not consider this risk as significant due to the balances being due from Britannia Building Society group

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. 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 £31,932,258 (2006 £42,107,162). The directors paid a dividend of £27,937,000 (2006 £43,996,823). Net assets for the year amounted to £14,583,650 (2006 £10,588,891)

### Directors and their interests

The directors who held office during the year are given below

PCSL Services No 1 Limited

R Green (resigned 31 July 2007)

G Gregory (resigned 31 March 2008)

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 period under review

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 period. 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 period ended 31 December 2007 and that applicable 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

# **Platform Group Holdings Limited**

## **Directors' report for the year ended 31 December 2007 (continued)**

### **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

### **Financial risk management**

The directors have considered the financial risks affecting the company and have disclosed the relevant policies in the notes to the financial statements

### **Independent 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

On behalf of the board



**P A Lee for PCSL Services No. 1 Limited**

**Director**

31 March 2008

# 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 for the year ended 31 December 2007 which comprise the Income statement, the Balance sheet, the Statement of changes in equity, 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 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 whether, in our opinion, the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 judgements 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 2007 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Manchester  
31 March 2008

## Platform Group Holdings Limited

### Income statement for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Interest income	2	7,136	3,379
Dividend income	5	26,937	39,742
<b>Profit before tax</b>		<b>34,073</b>	<b>43,121</b>
Income tax expenses	4	(2,141)	(1,014)
<b>Net Profit</b>		<b>31,932</b>	<b>42,107</b>

The accounting policies and notes on pages 9 to 17 form part of these financial statements

# Platform Group Holdings Limited

## Balance sheet as at 31 December 2007

	Notes	2007 £000	2006 £000
<b>Assets</b>			
Investments	6	5,000	5,000
Other receivables	9	129,937	95,864
<b>Total assets</b>		<b>134,937</b>	<b>100,864</b>
<b>Liabilities</b>			
Other payables	10	117,199	88,499
Current tax liabilities		3,154	1,776
<b>Total liabilities</b>		<b>120,353</b>	<b>90,275</b>
<b>Equity</b>			
Called up share capital	11	8,764	8,764
Retained earnings	12	5,820	1,825
<b>Total equity and liabilities</b>		<b>134,937</b>	<b>100,864</b>

The accounting policies and notes on pages 9 to 17 form part of these financial statements

Approved by the board of directors on 31 March 2008 and signed on their behalf by



**P A Lee for PCSL Services No. 1 Limited**  
Director



# Platform Group Holdings Limited

## Statement of changes in equity for the year ended 31 December 2007

	Share Capital	Retained Earnings	Total
Year ended 31 December 2007	£000	£000	£000
Balance at start of period	8,764	1,825	10,589
Profit for the period	-	31,932	31,932
Dividends	-	(27,937)	(27,937)
At 31 December	8,764	5,820	14,584

	Share Capital	Retained Earnings	Total
Year ended 31 December 2006	£000	£000	£000
Balance at start of period	8,764	3,715	12,479
Profit for the period	-	42,107	42,107
Dividends	-	(43,997)	(43,997)
At 31 December	8,764	1,825	10,589

# Platform Group Holdings Limited

## Cash flow statement for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Cash flows from operating activities	13	-	-
<b>Net movement in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at start of period		-	-
<b>Cash and cash equivalents at end of period</b>	<b>7</b>	<b>-</b>	<b>-</b>

# **Platform Group Holdings Limited**

## **Statement of accounting policies for the year ended 31 December 2007**

### **Basis of preparation**

Platform Group Holdings Limited is a company incorporated and domiciled in England and Wales

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 1985 applicable to organisations reporting under IFRS

The company has not applied 'IFRS8 Operating Segments' in these accounts. These disclosures will have no impact on the overall balance sheet or results of the company and will be mandatory for the accounts for the year ended 31 December 2009

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

### **Interest income**

Interest income is accrued in the profit and loss account on a receivable 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

# Platform Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2007

### 1 Profit before tax

Profit on ordinary activities before taxation is stated after charging

	2007 £000	2006 £000
Audit fee for the audit of the Company's financial statements	-	-

### 2 Interest income

	2007 £000	2006 £000
<u>On financial assets not at fair value through income and expense</u>		
Interest receivable from Platform Consumer Services Limited	7,136	3,379

### 3 Directors' emoluments and employees

The directors receive emoluments from Britannia Building Society Group companies for services rendered to all companies in the Group. However, these are not apportioned to individual companies.

Three directors have benefits accruing under the Britannia Building Society pension scheme (2006: four). Particulars of the latest actuarial valuation of the group pension scheme are disclosed in the accounts of Britannia Building Society.

The company had no employees during the year (2006: nil).

### 4 Taxation

	2007 £000	2006 £000
UK tax at 30% (2006: 30%)		
Corporation tax		
Current	2,141	1,014
Total corporation tax	2,141	1,014
Deferred tax		
Current	-	-
	2,141	1,014

# Platform Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 4 Taxation (continued)

#### Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the period is consistent with the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	34,073	43,121
Profit before tax multiplied by standard rate of tax	10,222	12,936
Effects of		
Dividends for UK Subsidiaries	(8,081)	(11,922)
	2,141	1,014

### 5 Dividend income

	2007 £000	2006 £000
Dividend income from Platform Consumer Services Limited	26,937	39,742

### 6 Investments

#### Principal group investments

The group has investments in the following subsidiary undertakings

Subsidiary undertakings	Country of incorporation	Principal activity	Holdings £	%
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 2007 (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 also regarded as subsidiaries of the company

	£000
<b><u>Cost less provision for impairment</u></b>	
At 1 January 2007 and 31 December 2007	5,000

### 7 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

	2007	2006
	£000	£000
Bank deposits (note 7)	-	-

### 8 Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The company's financial instruments comprise principally of amounts owed to group undertakings and amounts owed by group undertakings.

As a subsidiary of Britannia Building Society, the company applies the Society's formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. This structure is reviewed regularly by the Assets and Liabilities Committee ('ALCO'), which is charged with the responsibility for managing and controlling the Balance sheet exposures of the Society. The minutes of ALCO are presented to the Board of the Society.

#### Credit risk

The directors do not consider the risk associated with other assets as significant due to the balance being due from Britannia Building Society Group.

# Platform Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 8 Financial instruments (continued)

#### Liquidity risk

Liquidity risk is the risk that the company is not able to meet its financial obligations as they fall due, or can only do so at excessive cost

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

Liquidity risk also arises on other payables, primarily made up of amounts due to group undertakings. There is no formal repayment schedule for these monies, which are repayable on demand. It is not expected that the ultimate parent company will withdraw the funding in the future and the actual liquidity risk on these loans is considered minimal.

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

#### Fair values of financial instruments

Set out in the tables below are comparisons of book and fair values of the company's financial instruments by category. Where available, market values have been used to determine fair values.

	Book Value 2007 £000	Fair Value 2007 £000
Other receivables	129,937	129,937
Other payables	(117,199)	(117,199)

	Book Value 2006 £000	Fair Value 2006 £000
Other receivables	95,864	95,864
Other payables	(88,086)	(88,086)

# Platform Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 9 Other receivables

	2007	2006
	£000	£000
Amounts owed by Platform Consumer Services Limited	129,937	95,864

All of the above balances are expected to be settled more than 12 months after the balance sheet date. The amount owed by Platform Consumer Services Limited has a variable rate based on 1 month LIBOR plus 21 basis points.

These represent amounts owed by 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.

### 10 Other payables

	2007	2006
	£000	£000
Amounts owed to Platform Funding Limited	1,176	413
Amounts owed to Britannia Treasury Services Limited	116,023	88,086
	117,199	88,499

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

Amounts owed to Group undertakings £117,199k (2006: £88,499k)

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.

The amounts owed to Britannia Building Society subsidiaries have a variable rate based on 1 month LIBOR plus 21 basis points. The interest owed to Britannia Treasury Services Limited is paid by Platform Funding Limited, a subsidiary of the company.

### 11 Called up share capital

	2007	2006
	£000	£000
<b>Authorised</b>		
45,000,000 ordinary shares of £1 each	45,000	45,000
<b>Issued and fully paid</b>		
8,764,288 ordinary shares of £1 each	8,764	8,764



# Platform Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 12 Retained earnings

Movements in Retained earnings were as follows

	2007	2006
	£000	£000
Balance at start of year	1,825	3,715
Profit for the year	31,932	42,107
Dividends paid in the year (note 15)	(27,937)	(43,997)
At 31 December	5,820	1,825

### 13 Reconciliation of operating profit to net cash flows from operating activities

	2007	2006
	£000	£000
Profit before tax	34,073	43,121
Net increase in other receivables	(34,073)	(43,121)
Net cash flows from operating activities	-	-

### 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 of Britannia Building Society are available from Britannia House, Cheadle Road, Leek, Staffordshire, ST13 5RG.

The Society, the ultimate controlling entity of this company, 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. At the Annual General Meeting no dividend is to be proposed in respect of 2007 (2006 £nil). At the Extraordinary General Meeting held on 17 May 2007 a dividend of £3.19 per share amounting to a total of £27,937k was agreed and on 18 May 2007 a dividend of £27,937k was paid to Britannia Treasury Services.

### 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.

# Platform Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 16 Related party disclosures (continued)

	<u>Interest and similar income</u> £000	<u>Interest and similar expense</u> £000	<u>Balance due to/(from) Platform Group Holdings Limited</u> £000
<b>Year ended 31 December 2007</b>			
Platform Consumer Services Limited	34,073	-	129,937
Britannia Treasury Services Limited	-	27,937	(116,023)
Platform Funding Limited	-	-	(1,176)

	<u>Interest and similar income</u> £000	<u>Interest and similar expense</u> £000	<u>Balance due to/(from) Platform Group Holdings Limited</u> £000
<b>Year ended 31 December 2006</b>			
Platform Consumer Services Limited	43,121	-	95,864
Britannia Treasury Services Limited	-	43,997	(88,086)
Platform Funding Limited	-	-	(413)