Leek Finance Number Nineteen PLC

Directors' report and financial statements

for the period ended 31 December 2007

Registered Number 05965873

Leek Finance Number Nineteen PLC

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Directors and advisors

Directors
PCSL Services No 1 Limited
Capita Trust Corporate Services Limited
Capita Trust Corporate Limited

Secretary
Clifford Chance Secretaries (CCA) Limited

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
10 Upper Bank Street
London
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Registered Number
05965873

Leek Finance Number Nineteen PLC

Directors' report for the period ended 31 December 2007

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

Principal activities
The principal activity of the company is that of a securitisation vehicle with beneficial ownership of mortgage loans secured by first charges over residential properties within the United Kingdom

The beneficial ownership of the loans and advances to customers sold to the company by the seller fail the derecognition criteria of IAS 39 and, therefore, these loans remain on the Balance sheet of the originator IAS 39, therefore, requires the seller to recognise a "deemed loan" financial liability on its Balance sheet and the resulting "deemed loan" asset is held on the company's Balance sheet

Review of business and future developments
On 16th April 2007 the company purchased the beneficial ownership of three mortgage portfolios from Platform Funding Limited, Meerbrook Finance Number Two Limited and Meerbrook Finance Number Three Limited In addition to the purchase price, the company will pay deferred consideration to the seller, which is dependent on the extent to which surplus income is generated by the mortgage book, purchased by the company

During the period the deemed loan asset and Noteholders debt decreased in line with the mortgage portfolio they reflect, the decrease being due to the mortgage repayments received during the period The mortgage interest, which is based on the outstanding capital, decreased in proportion to the decrease in the mortgage portfolio and is in line with management's expectations

Due to repayments decreasing the capital value of the mortgages each period, both the balance sheet and interest income will decrease in future periods The rate of decrease is dependent on future redemptions and further advances

Key performance indicators (KPIs)
The directors monitor the progress of the company by reference to two KPIs firstly the net interest margin and secondly the Loan notes outstanding balance

The net margin is 1 38% calculated by dividing net mortgage interest receivable by the deemed loan balance (after deducting interest payable to Noteholders) Both the net mortgage interest receivable and deemed loan balance are calculated with reference to the actual mortgage balance and accrued interest in accordance with UK GAAP excluding FRS 26, which is consistent with the calculation of deferred consideration for a securitised company The margin is expected to decrease in future years as the mortgage book reduces and the supporting cost of the securitisation remains constant

Under the terms of the Notes the company can repurchase the outstanding Notes of a securitisation issue at par once the outstanding principal amount of the Notes falls below 10% of the amount originally issued The current Notes outstanding as a percentage of the initial balance is 91%

Principal risks and uncertainties
Economic factors in the United Kingdom which could affect the ability of the originator's customers to repay their loans

Credit risk on the company's deemed loan assets is however, considered to be minimal because management do not expect the amount of incurred credit losses on the originator's securitised loans and advances to customers to exceed the amount of credit enhancement supplied by Britannia Building Society

For further information regarding arrears of the underlying mortgage loans that the deemed loans relate to please visit www britannia co uk/bts/leek_prog/overview html and refer to the investor reports for the company

Directors' report for the period ended 31 December 2007 (continued)

Instruments used for risk management purposes are set up at inception of the securitisation and include derivative financial instruments ('derivatives'), which are contracts or agreements whose value is derived from one or more underlying price, rate or index inherent in the contract or agreement, such as interest rates and exchange rates This reflects the overall low risk appetite of the company After inception no significant decisions regarding the risk management of the company are required The only such instruments used are interest rate swaps and cross currency swaps

Quantitative disclosure and further details regarding the financial risks of the company are included in Note 13 to the financial statements

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 adopted by the EU All financial information given in this Directors' report is taken solely from the statutory results prepared on the above basis

Results and dividends
The profit for the period, after tax, amounted to £5,857,464 (13 April 2007 £nil) The directors do not propose a dividend for the period (13 April 2007 £nil) Net assets at the end of the period amounted to £5,869,966 (13 April 2007 £12,502)

The profit for the year is due to deferred consideration payable being based on a profit that excludes the impact of IAS 39 The deferred consideration was based on profit of the securitisation company under UK GAAP required by the capital market arrangement, which in 2007 gave rise to a higher profit figure than that calculated under IAS 39 The difference in the two profits is a timing difference that will reverse over the life of the mortgages

Directors and their interests
The directors who held office during the period are given below

PCSL Services No 1 Limited
Capita Trust Corporate Limited
Capita Trust Corporate Services Limited

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

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

Leek Finance Number Nineteen PLC

Directors' report for the period ended 31 December 2007 (continued)

Financial risk management
The material financial risks faced by the company include the following

- interest rate risk,
- credit risk,
- currency risk, and
- liquidity risk

At inception of the securitisation the directors have put in place various measures to ensure any significant risks are mitigated and these are disclosed in the Notes to the financial statements

Independent Auditors
The directors appointed, PricewaterhouseCoopers LLP, as auditors, 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
17 June 2008

Independent auditors' report to the members of Leek Finance Number Nineteen PLC

We have audited the financial statements of Leek Finance Number Nineteen PLC for the period ended 31 December 2007 which comprises the Income statement, the Balance sheet, the Statement of changes in equity, the Cash flow statement, 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 period 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
17 June 2008

Leek Finance Number Nineteen PLC

Income statement for the period ended 31 December 2007

	Notes	**Period from 14 April 2007 to 31 December 2007 £000**	Period from 13 October 2006 to 13 April 2007 £000
Interest income	2	**46,462**	-
Interest expense	3	**(38,053)**	-
Net interest income		**8,409**	-
Fee and commission expense	4	**(33)**	-
Net fee and commission expense		**(33)**	-
Gains less losses from derivative financial instruments	5	**(530)**	-
Other operating expenses		**(525)**	-
Profit before tax		**7,321**	-
Income tax expense	7	**(1,464)**	-
Net profit		**5,857**	-

The accounting policies and notes on pages 10 to 28 form part of these financial statements

Leek Finance Number Nineteen PLC

Balance sheet as at 31 December 2007

	Notes	31 December 2007 £000	13 April 2007 £000
Assets			
Bank deposits	8	**115**	-
Derivative financial instruments	13	**14,730**	-
Deemed loans due from group undertakings	10	**755,071**	-
Other receivables	11	**33,426**	13
Total assets		**803,342**	13
Liabilities			
Deposits from banks	12	**4,000**	-
Derivative financial instruments	13	**10,127**	-
Debt securities in issue	14	**761,833**	-
Other payables	15	**20,048**	-
Deferred tax liability	7	**1,464**	-
Total liabilities		**797,472**	-
Equity			
Called up share capital	16	**13**	13
Retained earnings	17	**5,857**	-
Total equity and liabilities		**803,342**	13

The accounting policies and notes on pages 10 to 28 form part of these financial statements

Approved by the board of directors on 17 June 2008 and signed on their behalf by

P A Lee for PCSL Services No. 1 Limited
Director

Leek Finance Number Nineteen PLC

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

Year ended 31 December 2007	**Share Capital £000**	**Retained Earnings £000**	**Total £000**
Balance at start of period	13	-	13
Profit for the period	-	5,857	5,857
At 31 December	13	5,857	5,870

Year ended 31 December 2006	Share Capital £000	Retained Earnings £000	Total £000
Balance at start of period	13	-	13
At 31 December	13	-	13

Leek Finance Number Nineteen PLC

Cash flow statement for the period ended 31 December 2007

	Notes	2007 £000	13 April 2007 £000
Cash flows from operating activities	18	**(21,801)**	(13)
Cash flows from financing activities			
Issue of subordinated loan		**17,916**	-
Issue of initial expense loan		**4,000**	-
Issue of share capital		**-**	13
Net cash used in financing activities		**21,916**	13
Net movement in cash and cash equivalents		**115**	-
Cash and cash equivalents at start of period		-	-
Cash and cash equivalents at end of period	9	**115**	-

Leek Finance Number Nineteen PLC

Statement of accounting policies for the period ended 31 December 2007

Basis of preparation

Leek Finance Number Nineteen PLC is a company incorporated and domiciled in England and Wales

The Company's financial statements have been prepared under the historical cost convention as modified by the revaluation of all derivative contracts

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 material 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

There are no significant uncertainties applied in the basis of preparing these financial statements Key estimates applied are discussed below

Foreign currency translation

Functional and presentation currencies

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

Transactions and balances

Foreign currency transactions are converted into sterling using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the conversion and settlement of currency transactions and from the translation at end exchange rates of monetary assets and liabilities denominated in foreign currencies (for example, Euro and US dollar denominated debt securities) are recognised in the Income Statement

Interest income and expense

This comprises

- Interest income and expense for financial assets and liabilities at amortised cost through the Income Statement, calculated using the effective interest rate method
- Interest income and expense on derivatives, which are measured at fair value

Effective interest rate

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

Statement of accounting policies
for the period ended 31 December 2007 (continued)

Deferred consideration payable
Deferred purchase consideration depends on the extent to which the surplus income generated by the underlying mortgage books to which the company has a beneficial interest, exceeds the administration costs of the mortgage books, and is deducted from interest income, since the company does not recognise income to which it is not beneficially entitled Contingent deferred consideration arising in future years is recorded in the Income statement in the year in which it arises

Tax
Tax on the profit for the period comprises current tax and deferred tax

Current tax
The expected tax payable on the results for the period is called current tax It is calculated using the tax rates in force at the balance sheet date The current tax charge includes adjustments to tax payable in prior periods

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

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

The principal temporary differences arise due to differences in tax rules for securitisation companies

Deferred tax assets are only recognised as an asset where it is probable that there will be future taxable profits against which to offset them

Movements in deferred tax are recognised in the Income Statement

Financial assets
The Company's financial assets are categorised as follows

a. Financial assets at fair value through income or expense

This category covers assets acquired principally for the purpose of selling in the short term or if so designated at initial recognition by management It includes the Company's derivative financial instruments, which meet IAS 39 requirements

Financial assets at fair value through income and expense are initially recognised at fair value on the date that the Company commits to purchase the derivative The fair values of quoted investments in active markets are based on current bid prices Associated transaction costs are taken directly to the Income Statement Gains and losses arising from changes in fair values are included in the Income Statement in the period in which they arise

b. Loans and receivables

Loans and receivables are assets with fixed or determinable payments that are not quoted in an active market They include beneficial ownership of loans and advances to customers

Loans and receivables are recognised when the cash is advanced They are carried at amortised cost using the effective interest rate method, with all movements being recognised in the Income Statement

Statement of accounting policies for the period ended 31 December 2007 (continued)

Derivative financial instruments and hedge accounting

Derivatives are financial instruments such as interest rate and currency swaps used by the Company to manage its interest rate and foreign exchange risks arising from the normal course of business

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value Fair values are obtained from quoted market prices in active markets, or based on recent market transactions where no active market exists All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative

Derivatives that do not qualify for hedge accounting
No derivative instruments qualify for hedge accounting Changes in the fair value of any such instruments are recognised in the Income statement

Deemed loans due from company undertakings

The beneficial ownership of the loans and advances to customers sold to the company by the originator fail the derecognition criteria of IAS 39 and, therefore, these loans remain on the Balance sheet of the originator IAS 39, therefore, requires the seller to recognise a "deemed loan" financial liability on its Balance sheet and the resulting "deemed loan" asset is held on the purchasing company's Balance sheet

This deemed loan initially represents the consideration paid by the company in respect of the acquisition of the beneficial ownership of the securitised loans and advances to customers and is subsequently adjusted due to repayments made by the originator to the company

The deemed loan is carried at amortised cost using the effective interest method, with all movements being recognised in the Income statement

Management do not expect the amount of incurred credit losses on the originator's securitised loans and advances to customers to exceed the amount of credit enhancement supplied by Britannia Building Society Therefore, in accordance with IAS 39, there is no requirement to recognise any impairment loss against this deemed loan

Deferred consideration payable
Deferred purchase consideration is netted off against the deemed loans since they are due to and from the same counterparty

Financial liabilities

Financial liabilities are contractual obligations to deliver cash or some other asset to a third party They include

- deposits from banks,
- derivatives,
- debt securities, and
- other borrowed funds and liabilities

Financial liabilities are recognised initially at fair value Fair value includes the issue proceeds (the fair value of consideration received) net of issue costs incurred

Financial liabilities, other than derivatives, are subsequently stated at amortised cost Any difference between issue proceeds net of issue costs and the redemption value is recognised in the Income statement over the period of the borrowings using the effective interest rate method

Statement of accounting policies
for the period ended 31 December 2007 (continued)

Financial Liabilities (continued)
Issue costs, including premiums and discounts, commissions and other costs incurred in the issuing of fixed and floating rate notes and subordinated liabilities, are amortised using the effective interest rate method

Cash and cash equivalents
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition

Segmental reporting
A business segment is a company of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments

The company's only geographical segment is considered to be the United Kingdom

Critical accounting estimates and judgements in applying accounting policies
The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

a. Fair value of derivatives
The fair value of instruments is calculated using the Company's treasury system using market rates applied to the year end treasury balances

b. Effective interest rate
The calculation of an effective interest rate requires the company to make assumptions around the expected lives of mortgages to which the company has beneficial ownership and the likely levels of early repayment fees (ERFs) to be received on the loans to which the company has beneficial ownership The most critical assumption is on the level of future ERFs
Were the ERF assumptions to change by 10% there would be an adjustment to profit of an estimated £214k (2006 £nil)

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Notes to the financial statements for the period ended 31 December 2007

1 Profit before tax

Profit on ordinary activities before taxation is stated after charging

	Period from 14 April 2007 to 31 December 2007	Period from 13 October 2006 to 13 April 2007
	£000	£000
Audit fee for the audit of the company's financial statements	**13**	-

Non-audit fees classified as other audit services relating to securitisation are capitalised on the Balance sheet and amortised over five years, being the period until the step-up date, on which the company may exercise its option to redeem the Notes At 31 December 2007, the unamortised non-audit fees included on the Balance sheet were £121k (13 April 2007 £nil)

2 Interest income

	Period from 14 April 2007 to 31 December 2007	Period from 13 October 2006 to 13 April 2007
	£000	£000
On financial assets not at fair value through income and expense		
Deemed loan interest receivable	**48,478**	-
Adjustments to the carrying value of deemed loans	**(378)**	-
Interest receivable from Britannia Building Society	**2,190**	-
On financial assets at fair value through income and expense		
Net expense on financial instrument hedging assets	**(3,828)**	-
	46,462	-

3 Interest expense

	Period from 14 April 2007 to 31 December 2007	Period from 13 October 2006 to 13 April 2007
	£000	£000
On financial liabilities not at fair value through income and expense		
Interest expense on debt securities in issue	**36,501**	-
Interest payable to Britannia Building Society	**1,269**	-
Other borrowed funds	**283**	-
	38,053	-

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

4 Fee and commission expense

	Period from 14 April 2007 to 31 December 2007 £000	Period from 13 October 2006 to 13 April 2007 £000
On financial assets not at fair value through income and expense		
Bank charges	33	-

5 Gains less losses from derivative financial instruments

	Period from 14 April 2007 to 31 December 2007 £000	Period from 13 October 2006 to 13 April 2007 £000
Interest on basis swap	(530)	-
Gross foreign currency gain on US Dollar debt	8,729	-
Gross foreign currency loss on Euro debt	(15,439)	-
Gross foreign currency loss on US Dollar cross currency swap	(8,729)	-
Gross foreign currency gain on Euro cross currency swap	15,439	-
	(530)	-

At inception the company implemented perfectly matched foreign currency swaps ensuring that the net value of gross foreign exchange gains and losses is nil The foreign exchange risk exposure of the company is mitigated by the use of these highly effective foreign currency swaps and is described further in Note 13

6 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 the individual companies

There are no directors to whom benefits are accruing under the Britannia Building Society Pension schemes (13 April 2007 nil)

The company had no employees during the current or prior period

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

7 Taxation

	Period from 14 April 2007 to 31 December 2007 £000	Period from 13 October 2006 to 13 April 2007 £000
UK tax at 20% (2006 19%)		
Corporation tax		
Current	-	-
Total corporation tax	-	-
Deferred tax	1,464	-
	1,464	-

Factors affecting tax charge for the period

The average effective rate of corporation tax assessed for the period is consistent with the standard rate of corporation tax for small companies in the UK (20%) The differences are explained below

	Period from 14 April 2007 to 31 December 2007 £000	Period from 13 October 2006 to 13 April 2007 £000
Profit on ordinary activities before tax	7,321	-
Profit before tax multiplied by standard rate of tax	1,464	-
	1,464	-

The recognised deferred tax liability includes the following amounts

	31 December 2007 £000	13 April 2007 £000
Other short term timing differences	1,464	-

The Finance Act 2005 provided that corporation tax for a 'securitisation company' within the meaning of the Act, would be calculated with reference to UK GAAP as applicable up to 31 December 2004, for accounting periods ending before 1 January 2007

Under the powers conferred by the Finance Act 2005, secondary legislation was enacted in November 2006 which ensures that, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the retained profit of the securitisation company required to be retained under the agreement that governs the company As a consequence, the taxation treatment of securitisation companies will remain largely unchanged as a result of the introduction of IFRS

The directors are satisfied that this company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise

As at 31 December 2007, there are no tax-related contingent assets or contingent liabilities in accordance with International Accounting Standard No 37 'Provisions, Contingent Liabilities and Contingent Assets' (IAS37)

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

7 Taxation (continued)

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

	31 December 2007 £000	13 April 2007 £000
Deferred tax liability at start of period	-	-
Income statement debit	1,464	-
Deferred tax liability at end of period	1,464	-

8 Bank deposits

	31 December 2007 £000	13 April 2007 £000
Bank deposits (included in Cash and cash equivalents note 9)	115	-

9 Cash and cash equivalents

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

	31 December 2007 £000	13 April 2007 £000
Bank deposits (note 8)	115	-

10 Deemed loans due from group undertakings

	31 December 2007 £000	13 April 2007 £000
Deemed loans recoverable	762,895	-
Deferred consideration payable (see below)	(7,824)	-
	755,071	-

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

10 Deemed loans due from group undertakings (continued)

The deemed loans recoverable are repaid as and when the cash is received by the originator from the customers towards principal repayments of the underlying loans and advances to which the company has a beneficial interest Consequently, a proportion of the deemed loan recoverable will be repaid within 12 months, although the amount cannot be quantified

Deferred consideration is payable to Meerbrook Finance Number Two Limited, Meerbrook Finance Number Three Limited and Platform Funding Limited dependent on the extent to which surplus income is generated by the mortgage books, that the company holds the beneficial title to The surplus income generated during the period ended 31 December 2007 amounted to £nil (13 April 2007 £nil) The deferred consideration is payable as follows

	31 December 2007 £000	13 April 2007 £000
Amounts owed to Meerbrook Finance Number Two Limited	**2,374**	-
Amounts owed to Meerbrook Finance Number Three Limited	**2,596**	-
Amounts owed to Platform Funding Limited	**2,854**	-
	7,824	-

The movements in deferred consideration are as follows

	31 December 2007 £000	13 April 2007 £000
At start of period	**-**	-
Arising on acquisition	**7,824**	-
At end of period	**7,824**	-

It is anticipated that the majority of the above deferred consideration will be payable within one year However, an amount of the above balances will only become payable after that time Payments of deferred consideration are dependent on market conditions, amongst other factors, and therefore the directors are unable to reliably estimate the amount that will fall to be payable after one year

11 Other receivables

	31 December 2007 £000	13 April 2007 £000
Amounts owed by Britannia Building Society	**32,067**	13
Amounts owed by Meerbrook Finance Number Two Limited	**28**	-
Amounts owed by Meerbrook Finance Number Three Limited	**1,325**	-
Prepayments and accrued income	**6**	-
	33,426	13

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

11 Other receivables (continued)

The above amounts owed by group undertakings, which are due from Britannia Building Society, are expected to be settled no more than 12 months after the balance sheet date except the reserve fund of £17,914k (13 April 2007 £nil) The reserve fund amount is pledged as collateral for the debt securities in issue The amount owed by Britannia Building Society has a variable rate based on 3 month LIBOR less 50 basis points

12 Deposits from banks

	31 December 2007 £000	13 April 2007 £000
Other deposits	**4,000**	-

Of the above balance, £3,897k is expected to be settled more than 12 months after the balance sheet date The deposits have a variable rate based on 3 month LIBOR plus 400 basis points

13 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 due from deemed loans, various tranches of loan notes and Cash and cash equivalents

Numerical financial instruments disclosures are set out below

	Assets 31 December 2007 £000	**Liabilities 31 December 2007 £000**	Assets 13 April 2007 £000	Liabilities 13 April 2007 £000
Basis risk swaps	**(5)**	**89**	-	-
Cross-currency swaps	**14,735**	**10,038**	-	-
	14,730	**10,127**	-	-

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

13 Financial instruments (continued)

Fair values of financial instruments

Set out in the tables below are comparisons, by category, of book and fair values of the company's financial instruments, not otherwise held at fair value Where available, market values have been used to determine fair values

	Book Value 31 December 2007 £000	Fair Value 31 December 2007 £000
Bank deposits	115	115
Deemed loans due from group undertakings	755,071	755,071
Other receivables	33,426	33,426
Deposits from banks	(4,000)	(4,000)
Other payables	(20,048)	(20,048)
Debt securities in issue		
Notes A1a	(14,775)	(14,765)
Notes A1b	(69,506)	(69,423)
Notes A2a	(110,000)	(108,471)
Notes A2b	(322,389)	(317,682)
Notes A2c	(85,612)	(84,379)
Notes Ma	(23,000)	(21,613)
Notes Mc	(46,761)	(43,834)
Notes Ba	(12,000)	(10,931)
Notes Bc	(35,070)	(31,823)
Notes Ca	(6,000)	(4,716)
Notes Cc	(22,624)	(17,633)
Notes Da	(13,000)	(8,367)
Notes Dc	(4,607)	(2,907)
Floating rate notes interest payable	559	559
Unamortised issue costs	2,952	2,952
Total Debt securities in issue	(761,833)	(733,033)

	Book Value 13 April 2007 £000	Fair Value 13 April 2007 £000
Other receivables	13	13

Fair values have been determined as follows

Deposits and borrowings
The estimated fair value of deposits with no stated maturity, which includes non interest bearing deposits, is the amount repayable on demand The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market prices is based on discounted cash flows using interest rates for new debts with similar remaining maturity

13 Financial instruments (continued)

Debt securities in issue
The aggregate fair values are calculated based on estimates of quoted market prices from third party valuations

Derivatives are excluded from the tables above as they are already recorded at fair value

Risk management and control
The material financial risks faced by the company include the following

- interest rate risk,
- credit risk,
- currency risk, and
- liquidity risk

At the inception of the securitisation the material risks are considered in relation to the overall low risk appetite of the company Instruments used for risk management purposes are set up at inception of the securitisation and include derivative financial instruments ('derivatives'), which are contracts or agreements whose value is derived from one or more underlying price, rate or index inherent in the contract or agreement, such as interest rates and exchange rates After inception no significant decisions regarding the risk management of the company are required

Derivatives are not used in trading activity or for speculative purposes

Interest rate risk

The company is exposed to movements in interest rates and manages this exposure using derivatives More specifically, the company is exposed to basis risk due to the timing difference in interest payment dates on the Notes and the deemed loan This is hedged using a form of an interest rate swap known as a 'basis' swap, which is taken out on inception of the securitisation The notional principal amounts of the outstanding basis swap contracts at 31 December 2007 were £507,322k (13 April 2007 £nil)

After taking into consideration the company's derivative instruments, the administered interest rate nature of the company's deemed loans, the regular re-pricing of the company's Mortgage Backed Floating Rate Notes, together with the nature of the company's other assets and liabilities, the directors do not believe that the company has any significant interest rate re-pricing exposure

The amounts of deferred consideration payable to Meerbrook Finance Number Two Limited, Meerbrook Finance Number Three Limited and Platform Funding Limited are non-interest bearing financial liabilities As described in note 10, the dates of repayment are dependent on the extent to which surplus income is generated by the securitised mortgage book Therefore, the weighted average period until maturity is unknown

The Mortgage Backed Floating Rate Notes and the subordinated loan owed to Britannia Building Society are classified as floating rate liabilities The benchmark rates used for determining interest rate payments are disclosed in note 14 and note 15

Leek Finance Number Nineteen PLC

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

13 Financial instruments (continued)

Sensitivity analysis

The following table describes the significant activities undertaken by the company where there is sensitivity to interest rate changes There is also an explanation of how such risks are managed and the extent of the risk to the company

Activity	Risk	Type of hedge	Extent of risk
Underlying mortgage lending	Exposure to increases in interest rates due to fixed rate lending	Pay fixed interest rate swaps	The company has never experienced significant financial losses as a result of movements in interest rates In order to avoid any adverse effects in the future effective hedges will need to be maintained
	Timing and basis differences on rate reset on Libor and fixed lending and rate reset on debt securities	Basis swaps	

There would be no material impact on profits or equity from a change in interest rates of 1%

Credit risk
The Company is exposed to credit risk on bank deposits, deemed loans, derivative financial instruments and other receivables (excluding prepayments)

The table below represents a worst case scenario of credit risk exposure to the Company at 31 December 2007 and 13 April 2007, without taking into account any collateral held or other credit enhancements attached The exposures set out below are based on net carrying amounts as reported in the balance sheet

Maximum exposure to credit risk (by class) before collateral held or other credit enhancements:

Category (as defined by IAS 39)	Class	31 December 2007 £000	13 April 2007 £000
Cash and cash equivalents	Bank deposits	**115**	-
Financial assets at FV through income and expense	Derivative financial instruments	**14,730**	
Loans and receivables	Deemed loans	**754,982**	-
Loans and receivables	Other receivables	**33,426**	13
		803,253	13

Derivatives:

At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the company, (ie assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding

Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the company requires margin deposits from counterparties

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

13 Financial instruments (continued)

Deemed loans
The above table shows the maximum exposure to credit risk on deemed loans The average loan to value percentage of the underlying mortgage loans that the deemed loans relate to was 85 42% at the balance sheet date

At the balance sheet date £98,566 of the underlying mortgage loans that the deemed loans relate to were in arrears, split as follows

Up to 30 days past due	£15,327
30 to 60 days past due	£33,952
60 to 90 days past due	£18,490
Over 90 days past due	£30,797

Other receivables·
The maximum exposure to credit risk on other assets as shown above represents amounts owed by the ultimate parent company, Britannia Building Society Due to the way the intercompany balances are managed at a group level the actual exposure to credit risk on this balance is considered to minimal

Currency risk

Currency risk arises as a result of activities undertaken by the company when raising funds in currencies other than sterling

The notional principal amounts of the outstanding cross-currency contracts at 31 December 2007 were £586,497k (13 April 2007 £nil)

US Dollar Notes are exposed to movements in the US Dollar exchange rate and the US Dollar LIBOR rate (note 14) The company is also exposed to movements in the EURO exchange rate and the EURIBOR rate relating to EURO Notes (note 14) Currency swaps that are perfectly matched are put in place at inception of the securitisation with JP Morgan Chase Bank to manage and mitigate these exposures As a result of these highly effective swaps there is no sensitivity to movements in exchange rates

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

Funding has been obtained through the issue of floating rate loan Notes The company has in place a borrowing facility to ensure that sufficient liquidity is maintained to meet its obligations on the floating rate Notes (note 15)

The Notes issued by the company are repayable in line with the collections of principal from the securitised mortgage loans Under the terms of the Notes the company can repurchase the outstanding Notes of a securitisation issue at par once the outstanding principal amount of the Notes falls below 10% of the amount originally issued or in full on any interest payment date on or after 21 June 2012 The earliest contractual maturity of the debt securities in issue is 21 June 2012, where £761,832k at 31 December 2007 (£nil at 31 December 2006) will be repaid on or before that date Such repurchase options are considered to be closely related to the economic characteristics and risks of the Notes themselves and are not separately accounted for as embedded derivatives

The overall liquidity risk is effectively mitigated as a result of the structure of the repayment of capital in practice being quicker than the contractual maturity of the bonds

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

14 Debt securities in issue

	31 December 2007 £000	13 April 2007 £000
£GBP Floating Rate Notes	**175,264**	-
$USD Floating Rate Notes	**391,895**	-
€EURO Floating Rate Notes	**194,674**	-
	761,833	-

	31 December 2007 £000	13 April 2007 £000
Due within one year		
Class A1a Mortgage Backed Floating Rate Notes due 2038	**3,441**	-
Class A1b Mortgage Backed Floating Rates Notes due 2038	**16,188**	-
Floating Rate Notes interest payable	**(559)**	-
Unamortised issue costs	**(76)**	-
	18,994	-
Due in more than one year		
Class A1a Mortgage Backed Floating Rate Notes due 2038	**11,334**	-
Class A1b Mortgage Backed Floating Rate Notes due 2038	**53,318**	-
Class A2a Mortgage Backed Floating Rate Notes due 2038	**110,000**	-
Class A2b Mortgage Backed Floating Rate Notes due 2038	**322,389**	-
Class A2c Mortgage Backed Floating Rate Notes due 2038	**85,612**	-
Class Ma Mortgage Backed Floating Rate Notes due 2038	**23,000**	-
Class Mc Mortgage Backed Floating Rate Notes due 2038	**46,761**	-
Class Ba Mortgage Backed Floating Rate Notes due 2038	**12,000**	-
Class Bc Mortgage Backed Floating Rate Notes due 2038	**35,070**	-
Class Ca Mortgage Backed Floating Rate Notes due 2038	**6,000**	-
Class Cc Mortgage Backed Floating Rate Notes due 2038	**22,624**	-
Class Da Mortgage Backed Floating Rate Notes due 2038	**13,000**	-
Class Dc Mortgage Backed Floating Rate Notes due 2038	**4,607**	-
Unamortised issue costs	**(2,876)**	-
	742,839	-
Total debt securities in issue	**761,833**	-

The Mortgage Backed Floating Rate Notes due 2038 are secured over a portfolio of mortgage loans secured by first charges over residential properties in the United Kingdom

Prior to redemption of the Notes on the final interest payment date falling in December 2038, the Notes will be subject to mandatory and/or optional redemption in certain circumstances, on each interest payment date

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

14 Debt securities in issue (continued)

Classes of Mortgage Backed Floating Rate Notes are subject to interest as detailed below The three month LIBORs are revised quarterly and the following margins, which are not subject to revision, apply to the classes of Notes as follows

	Until 21 June 2012	From 21 June 2012 until 21 December 2038
Class A1a notes at 3 month Sterling LIBOR plus	0.05%	0.10%
Class A1b notes at 3 month Dollar LIBOR plus	0.05%	0.10%
Class A2a notes at 3 month Sterling LIBOR plus	0.11%	0.22%
Class A2b notes at 3 month Dollar LIBOR plus	0.11%	0.22%
Class A2c notes at 3 month EURIBOR plus	0 12%	0.24%
Class Ma notes at 3 month Sterling LIBOR plus	0.21%	0.42%
Class Mc notes at 3 month EURIBOR plus	0.21%	0.42%
Class Ba notes at 3 month Sterling LIBOR plus	0.42%	0.84%
Class Bc notes at 3 month EURIBOR plus	0.41%	0.82%
Class Ca notes at 3 month Sterling LIBOR plus	0.75%	1.50%
Class Cc notes at 3 month EURIBOR plus	0.75%	1.50%
Class Da notes at 3 month Sterling LIBOR plus	2 75%	5.50%
Class Dc notes at 3 month EURIBOR plus	2.65%	5.30%

The company has not had any defaults on principal, interest or any other breaches with respect to their liabilities during the period

The earliest contractual maturity of the debt securities in issue is 21 June 2012, where £761,832k at 31 December 2007 (£nil at 31 December 2006) may be repaid, dependent on the Optional Early Redemption of Notes clause being exercised (p 23 Leek 19 offering circular) 21 June 2012 represents the earliest contractual date that Leek 19 could be repaid However any optional early redemption of notes would be taken in line with the principles of a prudent lender

The expected maturity profile of the debt securities in issues as at 31 December 2007 was as follows

	31 December 2007 £000	13 April 2007 £000
In less than one year	18,994	-
In more than one year but not more than two years	16,206	-
In more than two years but not more than five years	48,665	-
In more than five years	677,967	-
	761,832	-

The maturity table above reflects the estimated timing of principal repayments on the Notes, based on the contractual payment terms of the underlying mortgages

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

15 Other payables

	31 December 2007 £000	13 April 2007 £000
Amounts owed to Platform Funding Limited	**450**	-
Amounts owed to Leek Finance Number Ten PLC	**13**	-
Subordinated loan owed to Britannia Building Society	**19,468**	-
Accruals and deferred income	**96**	-
Other	**21**	-
	20,048	-

The subordinated loan is secured by a second charge on the mortgage assets to which the company's deemed loans relate The subordinated loan is not repayable until all obligations to the noteholders have been met Interest is calculated on the loan at the prevailing three-month LIBOR plus a margin of 4 0%

There is a liquidity facility of £24,997k (13 April 2007) provided by Danske Bank A/S London At 31 December 2007 the drawing at the facility amounted to £nil (13 April 2007 £nil) Interest on any drawing is payable to the facility provider at Libor plus a margin of 0 40% (13 April 2007 nil)

16 Called up share capital

	31 December 2007 £	13 April 2007 £
Authorised		
50,000 ordinary shares of £1 each	**50,000**	50,000
Issued and fully paid		
2 ordinary shares of £1 each	**2**	2
Allotted and partially paid		
49,998 ordinary shares of £1 each of which 25p paid	**12,500**	12,500

17 Retained earnings

Movements in Retained earnings were as follows

	31 December 2007 £000	13 April 2007 £000
Balance at start of period	**-**	-
Profit for the period	**5,857**	-
At 31 December	**5,857**	-

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

17 Retained earnings (continued)

The profit for the year is due to deferred consideration payable being based on a profit that excludes the impact of IAS 39 The deferred consideration was based on profit of the securitisation company under UK GAAP required by the capital market arrangement, which in 2007 gave rise to a higher profit figure than that calculated under IAS 39 The difference in the two profits is a timing difference that will reverse over the life of the mortgages

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

	2007 £000	2006 £000
Profit before tax	7,321	-
Interest payable on subordinated loan	1,269	-
Initial expense loan interest payable	283	-
Cashflows from operating profits before changes in operating assets and liabilities	8,873	-
Net increase in deemed loans due from group undertakings	(754,982)	-
Net increase in other receivables	(48,143)	(13)
Net increase in debt securities	761,833	-
Net increase in other payables	10,618	-
Net cash flows from operating activities	(21,801)	(13)

19 Ultimate parent undertaking and controlling entity

The company's immediate parent undertaking is Leek Finance Holdings Number Nineteen Limited

Capita IRG Trustees Limited holds 100% of the issued share capital of Leek Finance Holdings Number Nineteen Limited, subject to terms of a declaration of trust for general charitable purposes

The ultimate parent undertaking of Leek Finance Number Nineteen PLC is Britannia Building Society by virtue of amendments introduced by the Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004

Copies of the financial statements of Britannia Building Society may be obtained 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 controlling body

Leek Finance Number Nineteen PLC

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

20 Related party disclosures

As stated ın the note above, the company ıs a subsıdıary of Brıtannıa Buıldıng Socıety Consequently, the dırectors of the company consıder Brıtannıa Buıldıng Socıety and ıts subsıdıarıes to be related partıes of the company Transactıons wıth Brıtannıa Buıldıng Socıety and ıts subsıdıarıes are dısclosed ın the fınancıal statements as follows

Perıod ended 31 December 2007	Interest and sımılar ıncome £000	Interest and sımılar expense £000	Balance due to/(from) Leek Fınance Number Nıneteen PLC £000
Leek Fınance Number Ten PLC	-	-	(13)
Meerbrook Fınance Number Two Lımıted	15,348	-	253,679
Platform Fundıng Lımıted	15,971	484	274,421
Meerbrook Fınance Number Three Lımıted	13,331	-	227,785
Brıtannıa Buıldıng Socıety	2,190	1,269	8,599

Year ended 13 Aprıl 2007	Interest Income £000	Interest expense £000	Balance due to/(from) Leek Fınance Number Nıneteen PLC £000
Brıtannıa Buıldıng Socıety	-	-	13

Capıta Trust Company Lımıted, a dırector of the company receıved fees ın respect of management servıces of £4k (13 Aprıl 2007 £nıl) The amount outstandıng at the 31 December 2007 was £nıl (13 Aprıl 2007 £nıl)