Leek Finance Number Two PLC

Directors' report and financial statements

for the year ended 31 December 2007

Registered Number 3588441

Leek Finance Number Two PLC
Directors' report and financial statements for the year ended 31 December 2007

Contents

Leek Finance Number Two PLC

Directors and advisors

Directors
PCSL Services No 1 Limited
Capita Trust Company Limited
Capita Trust Corporate Services 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
E14 5JJ

Registered Number
3588441

Leek Finance Number Two PLC

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 to receive deferred consideration for previously owned mortgage portfolios

The beneficial ownership of the loans and advances to customers sold to and sold by the company fail the derecognition criteria of IAS 39 and, therefore, these loans remain on the Balance sheet of the originator IAS 39, therefore, requires the company to recognise a "deemed loan" financial asset with the resulting "deemed loan" liability being recognised on the originator's Balance sheet IAS 39 also requires the company to recognise a "deemed loan" financial liability for the sale of the beneficial title of mortgage portfolios, the resulting "deemed loan" asset is recognised on the SPE's Balance sheet

Review of business and future development
During the year the company paid on all interest it received for its previously held mortgages Deemed loan assets and liabilities decreased in line with the mortgage portfolio they reflect The decrease is due to the mortgage repayments received during the year The deemed loan interest, which is based on the outstanding capital, decreased in line with the decrease in the mortgage portfolio, which is performing in line with management's expectations The deferred purchase consideration agreement caps the payments made so that the company retains at least £500 profit during the year

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

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

Principal risks and uncertainties
Economic factors in the United Kingdom 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

Quantitative disclosure and further details regarding the financial risks of the company are included in the notes 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 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 £500 (2006 £500) The net liabilities of the company at 31 December 2007 are £71,094 (2006 £70,594) The directors do not propose a dividend for the year (2006 £nil)

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

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

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

Directors and their interests (continued)
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

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

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

The directors have put in place various measures to ensure any significant risks are mitigated and these are disclosed in the Notes to 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

Leek Finance Number Two PLC

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

We have audited the financial statements of Leek Finance Number Two PLC for the year ended 31 December 2007 which comprise the Income statement, the Balance sheet, the Cash flow statement, the Statement of changes of equity , 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 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 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

Leek Finance Number Two PLC

Income statement for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Interest receivable and similar income	2	**685**	571
Interest expense and similar charges	3	**(669)**	(564)
Net interest income		**16**	7
Impairment losses on loans and advances		-	-
Other operating expenses		**(16)**	(7)
Profit before tax		-	-
Income tax expense	5	-	-
Net profit	11	-	-

The accounting policies and notes on pages 9 to 21 form part of these financial statements

Leek Finance Number Two PLC

Balance sheet as at 31 December 2007

	Notes	2007 £000	2006 £000
Assets			
Deemed loans due from group undertakings	6	**6,687**	9,082
Other receivables	7	**209**	214
Total assets		**6,896**	9,296
Liabilities			
Deemed loans due to group undertakings	8	**6,933**	9,334
Other payables	9	**34**	33
Total liabilities		**6,967**	9,367
Equity			
Called up share capital	10	**12**	12
Retained earnings	11	**(83)**	(83)
Total equity		**(71)**	**(71)**
Total equity and liabilities		**6,896**	**9,296**

The accounting policies and notes on pages 9 to 21 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

Leek Finance Number Two 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	12	(83)	(71)
Profit for the period	-	-	-
Dividends	-	-	-
At 31 December	12	(83)	(71)

Year ended 31 December 2006	Share Capital £000	Retained Earnings £000	Total £000
Balance at start of period	12	(83)	(71)
Profit for the period	-	-	-
Dividends	-	-	-
At 31 December	12	(83)	(71)

Leek Finance Number Two PLC

Cash flow statement for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Cash flows from operating activities	12	-	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at start of period		-	-
Cash and cash equivalents at end of period		-	-

Statement of accounting policies for the year ended 31 December 2007

Basis of preparation

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

The Company's financial statements have been prepared under the historical cost convention

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 or key estimates applied in the basis of preparing these financial statements

Interest income and expense

This comprises interest income and expense for financial assets and financial liabilities at amortised cost through the Income Statement, calculated using the effective interest rate method This includes accrued interest income on financial assets written down as a result of impairment

Effective interest rate

The effective interest rate 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

When a financial asset has been written down as a result of impairment or loss, subsequent interest income continues to be recognised using the original effective interest rate applied to the reduced carrying value of the financial instrument

Deferred consideration payable

Deferred purchase consideration 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 periods is recorded in the Income statement in the period in which it arises

Deferred consideration receivable

Deferred purchase consideration is deducted from interest expense, since the company does not recognise expenditure, which it has not incurred Contingent deferred consideration arising in future periods is recorded in the Income statement in the period in which it arises

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

Financial assets - 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

Deemed loans due from and to group undertakings

The company purchased the beneficial title of mortgage portfolios and subsequently sold these to special purpose entities (SPEs) The beneficial ownership of the loans and advances to customers sold to and sold by the company fail the derecognition criteria of IAS 39 and, therefore, these loans remain on the Balance sheet of the originator IAS 39, therefore, requires the company to recognise a "deemed loan" financial asset with the resulting "deemed loan" liability on the originator's Balance sheet IAS 39 also requires the company to recognise a "deemed loan" financial liability for the sale of the beneficial title of mortgage portfolios, the resulting "deemed loan" asset is recognised on the SPE's Balance sheet

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

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

Segmental reporting

A business segment is a group 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

Leek Finance Number Two PLC

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

1 Profit before tax

Profit before tax is stated after charging

	2007 £000	2006 £000
Audit fee for the audit of the company's financial statements	**3**	3

2 Interest receivable and similar income

	2007 £000	2006 £000
On financial assets not at fair value through income and expenses		
Deemed loan interest receivable	**694**	800
Deferred purchase consideration payable	**(19)**	(236)
Interest receivable from Britannia Building Society	**10**	7
	685	571

3 Interest expense and similar charges

	2007 £000	2006 £000
On financial assets not at fair value through income and expenses		
Deemed loan interest payable	**694**	800
Deferred purchase consideration receivable	**(25)**	(236)
	669	564

4 Directors' emoluments and employees

One director receives 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 (2006 nil)

The company had no employees during the current or prior period

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

5 Taxation

There is no tax charge in the current or prior period

Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the period is lower than the standard rate of corporation tax in the UK (20%, 2006 19%) A reconciliation is shown below

	2007	2006
	£	£
Profit on ordinary activities before tax	**500**	490
Profit before tax multiplied by standard rate of tax	**100**	93
Effects of		
Utilisation of previously unrecognised tax losses	**(100)**	(93)
Expenses not deductible for tax purposes	-	-
Movements in short term timing differences	-	-
Adjustments in respect of prior periods	-	-
	-	-

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 ended 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 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 year ended 31 December 2007 (continued)

6 Deemed loans due from group undertakings

	2007 £000	2006 £000
Deemed loans recoverable	7,013	9,413
Deferred purchase consideration payable	(326)	(331)
	6,687	9,082

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 mortgage loans Consequently, a proportion of the deemed loan recoverable will be repaid within 12 months, although the amount cannot be quantified

The Company is exposed to credit risk on deemed loans due from group undertakings and this is further described in Note 15

Deferred purchase consideration payable

Deferred consideration is payable to Mortgage Agency Services Number Two Limited dependent 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 The surplus income generated during the year ended 31 December 2007 amounted to £19k (2006 £236k) The deferred consideration is payable as follows

	2007 £000	2006 £000
Amounts owed to Mortgage Agency Services Number Two Limited	326	331
	326	331

The movements in deferred consideration are as follows

	2007 £000	2006 £000
At start of period	331	625
Additional consideration payable	19	236
Repayments made during the year	(24)	(530)
At end of period	326	331

Leek Finance Number Two PLC

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

7 Other receivables

	2007	2006
	£000	£000
Amounts owed by group undertakings	**209**	214
	209	214

The above amounts owed by group undertakings, which are due from Britannia Building Society are expected to be settled more than 12 months after the Balance sheet date There is no formal repayment schedule for these monies, which are contractually repayable on demand

The effective interest rate on the above amounts owed by group undertakings is 3 month LIBOR less 25 basis points

The company is exposed to credit risk on the amounts owed by group undertakings and this is further described in Note 15

8 Deemed loans due to group undertakings

	2007	2006
	£000	£000
Deemed loan repayable	**7,013**	9,413
Deferred purchase consideration receivable	**(80)**	(79)
	6,933	9,334

The deemed loan repayable is repaid as and when the cash is received by the originator from the customers towards principal repayments of the loans and advances Consequently, a proportion of the deemed loan repayable will be repaid within 12 months although the amount cannot be quantified

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

8 Deemed loans due to group undertakings (continued)

Deferred purchase consideration receivable

	2007 £000	2006 £000
Amounts owed by Meerbrook Finance Number One Limited	**80**	79
	80	79

The movements in deferred consideration are as follows

	2007 £000	2006 £000
At start of period	**79**	373
Additional consideration receivable	**25**	236
Amounts received during the year	**(24)**	(530)
At end of period	**80**	79

It is anticipated that the majority of the above deferred consideration will be receivable within one year However, an amount of the above balance will only become receivable after that time Repayments 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 receivable after one year

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

9 Other payables

	2007 £000	2006 £000
Amounts owed to Leek Finance Holdings Number Two Limited	**27**	27
Accruals and deferred income	**7**	6
	34	33

The above amounts owed to group undertakings are expected to be settled more than 12 months after the Balance sheet date There is no formal repayment schedule for these monies, which are repayable on demand

The effective interest rate on the above amounts owed to group undertakings is 1 month LIBOR plus 21 basis points

10 Called up share capital

	2007 £	2006 £
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

11 Retained earnings

Movements in Retained earnings were as follows

	2007 £000	2006 £000
Balance at start of year	**(83)**	(83)
Profit for the year	**-**	-
At 31 December	**(83)**	(83)

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

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

	2007 £000	2006 £000
Profit before tax	-	-
Increase in accruals	1	-
Cash flows from operating profits before changes in operating assets and liabilities	1	-
Net decrease in deemed loans due from group undertakings	2,395	2,361
Net decease in deemed loans due to group undertakings	(2,401)	(2,361)
Net decrease in other receivables	5	-
Taxation	-	-
Net cash flows from operating activities	-	-

13 Ultimate parent undertaking and controlling entity

The company's immediate parent undertaking is Leek Finance Holdings Number Two Limited, a company registered in England

Royal Exchange Trust Company Limited holds 100% of the issued share capital of Leek Finance Holdings Number Two Limited, subject to terms of a declaration of trust for general charitable purposes

The ultimate parent undertaking of Leek Finance Number Two 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, 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

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

14 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 other companies within the group are detailed as follows

Year ended 31 December 2007	Interest and other income £000	Interest and other expense £000	Balance due to/(by) Leek Finance Number Two £000
Britannia Building Society	10	-	209
Leek Finance Holdings Number Two Limited	-	-	(27)
Mortgage Agency Services Number Two Limited	694	19	6,687
Meerbrook Finance Number One Limited	25	694	(6,933)
Year ended 31 December 2006			
Britannia Building Society	7	-	214
Leek Finance Holdings Number Two Limited	-	-	(27)
Mortgage Agency Services Number Two Limited	800	236	9,082
Meerbrook Finance Number One Limited	236	800	(9,334)

During the year £7k (2006 £nil) was paid to corporate directors in respect if the provision of management services The amount outstanding at 31 December 2007 was £nil (2006 £nil)

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

15 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, amounts due from group undertakings and various tranches of loan notes

Fair values of financial instruments

Set out in the table below is a comparison 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 2007 £000	**Fair Value 2007 £000**
Deemed loans due from group undertakings	**6,687**	**6,687**
Other receivables	**209**	**209**
Deemed loans due to group undertakings	**(6,933)**	**(6,933)**
Other payables	**(34)**	**(34)**

	Book Value 2006 £000	Fair Value 2006 £000
Deemed loans due from group undertakings	9,082	9,082
Other receivables	214	214
Deemed loans due to group undertakings	(9,334)	(9,334)
Other payables	(33)	(33)

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

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

15 Financial instruments (continued)

Risk management and control

The material financial risks faced by the company include the following

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

At the inception of the company the material risks are considered in relation to the overall low risk appetite of the company Where necessary 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

Interest rate risk

The company has no derivative financial instruments as at 31 December 2007 and has no significant interest rate re-pricing exposure

The amount of defered consideration payable to Mortgage Agency Services Number Two Limited is a non-interest bearing financial liability The dates of repayment are dependent on the extent to which surplus income is generated by the mortgage book Therefore, the weighted average period until maturity is unknown

Credit risk

The Company is exposed to credit risk on bank deposits, deemed loans, 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 2006, 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	2007 £000	2006 £000
Loans and receivables	Deemed loans	6,687	9,082
Loans and receivables	Other receivables	209	214
		6,896	9,296

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

15 Financial instruments (continued)

Deemed loans:

The above table shows the maximum exposure to credit risk on deemed loans However, the actual credit risk is 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

Other receivables:

Other asset loans represent amounts due from Britannia Building Society There is no formal repayment schedule for these monies, which are repayable on demand Due to the way the ultimate parent manages the inter company balances the actual credit risk on these loans and the deemed loans is considered to be minimal