DIRECTOR'S REPORT

The Director presents its Report and Accounts for the year ended 31 December 2005. During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss during the year.

Activities

The Company has been dormant during the year and will continue to remain dormant for the foreseeable future.

Directors

The following were directors of the Company during the year :

R L Banks
S J Pearce

None of the Directors hold any beneficial interests in shares or debentures of the Company. The beneficial interests of the Directors in Ordinary shares of the ultimate parent undertaking Alliance & Leicester plc are set out in the 2005 Report and Accounts of Alliance & Leicester plc for R L Banks and Global Debt Management Limited for S J Pearce.

Corporate Governance

The Company's policies on Corporate Governance are consistent with those established at Group level and referred to in the Group Report and Accounts for 2005 of Alliance & Leicester plc.

Disclosure of Indemnities

The directors confirm under S.309 of the Companies Act:-

a) at the time this Directors' Report is signed a qualifying third party indemnity provision (provided by the parent company Alliance & Leicester plc) is in force for the benefit of all the directors of the company and;

b) *for the financial year ending 31 December 2005 a qualifying third party indemnity provision* (provided by the parent company Alliance & Leicester plc) was in force for the benefit of all the directors of the company.

c) that there is no qualifying third party indemnity provision provided by the Company for one or more directors of an associated company either on the date the Directors Report is signed or in the last financial year.

APPROVED BY THE BOARD
ON 25 OCTOBER 2006 AND
SIGNED ON THEIR BEHALF BY:

....

Alliance Limited
Company Secretary

BALANCE SHEET

	Notes	£ 2005	£ 2004
CURRENT ASSETS			
Debtors - Amount due from Group Undertakings		100	100
Net Assets		100	100
CAPITAL and RESERVES			
Called up share Capital	4	100	100
Equity Shareholders funds		100	100

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss.

For the year ended 31 December 2005 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2)

The directors acknowledge their responsibility for:

a) Ensuring the company keeps accounting records which comply with section 221;

b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

APPROVED BY THE BOARD
ON 25 OCTOBER 2006 AND
SIGNED ON THEIR BEHALF BY:

....

S J Pearce
Director

The attached notes form part of these accounts

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

2. EXPENSES

The company has had no accounting transactions and made neither a profit nor a loss in the financial year and the preceding year. The expenses of the company, have been borne by Alliance & Leicester plc. There are no employees so no remuneration has been paid to directors and employees. Accordingly, no profit and loss account is presented. There have been no other recognised gains or losses or movements in shareholders' funds in any year

3. DIRECTORS' EMOLUMENTS

The Director received no emoluments in respect of qualifying services during the year (2004: £Nil)

4. SHARE CAPITAL

	2005	2004
Authorised:	£	£
100 Ordinary Shares of £1 each	100	100
	===	===
Issued and fully paid:		
100 Ordinary Shares of £1 each	100	100
	===	===

5. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Alliance & Leicester plc, the company is exempt from the requirement of FRS8 to disclose details of transactions and balances within the group headed by that company.

6. ULTIMATE PARENT

The ultimate parent undertaking and controlling entity is Alliance & Leicester Plc. Group Accounts for the parent company for 2005 are drawn up and available from its Registered Office at:

Carlton Park, Narborough, Leicester LE19 0AL