Platform Funding No. 4 Limited

Directors' report and financial statements

for the year ended 31 December 2005

Registered Number 3456341

Platform Funding No. 4 Limited

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

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Platform Funding No. 4 Limited

Directors and advisors

Directors
PCSL Services No. 1 Limited
PCSL Services No. 2 Limited
R Green
G Gregory
P Lee

Secretary
R Green

Auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors
Clifford Chance Limited Liability Partnership
10 Upper Bank Street
London
E14 5JJ

Registered Office
Britannia House
Cheadle Road
Leek
Staffordshire
ST13 5RG

Registered Number
3456341

Platform Funding No. 4 Limited

Directors' report for the year ended 31 December 2005

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

Principal activities
The company owns a mortgage portfolio, the beneficial title of which was sold to Platform Home Loans No.2 PLC. From this mortgage portfolio the company is entitled to receive deferred consideration.

Review of business and future developments
The performance of the business and the year end financial position were satisfactory. The company does not intend to acquire any further mortgage portfolios. The directors expect the future performance of the company to be comparable to the current year although the year ahead will be influenced by market conditions.

As set out more fully in the Statement of Accounting Policies, these financial statements have been prepared under the current International Financial Reporting Standards (IFRS) framework. The comparative financial information was previously reported under United Kingdom Generally Accepted Accounting Principles ("UK GAAP"). All financial information given in this directors' report is taken solely from the statutory results prepared on the above basis.

Results and dividends
The profit for the year, after tax, amounted to £245,000 (2004: £nil). The directors propose a dividend of £561,000 (2004: £nil).

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

PCSL Services No. 1 Limited
PCSL Services No. 2 Limited
R Green
G Gregory
P Lee

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

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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

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

Platform Funding No. 4 Limited

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

Financial risk management
The company is exposed to the following risks:

Credit Risk:
The company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses as at the balance sheet date as per the accounting policy for loans and advances to customers. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the company's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and product segments. Such risks are monitored on a revolving basis and subject to monthly review. Limits on the level of credit risk are approved annually by the Platform Credit Committee.

The company has a Lending Policy in place that is approved annually by the Britannia Group Credit Committee. Exposure to credit risk minimised by taking first charge on all security obtained.

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

Liquidity and cash flow risk:
The company has a facility to drawdown from Britannia Building Society, its ultimate parent company to ensure that sufficient liquidity is maintained.

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

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

By order of the Board

P A Lee for PCSL Services No. 1 Limited
Director
14 **July 2006**

Platform Funding No. 4 Limited

Independent auditors' report to the members of Platform Funding No. 4 Limited

We have audited the financial statements of Platform Funding No. 4 Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Statement of Recognised Income and Expense, the Cash Flow Statement, the Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

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

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

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

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

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

Opinion
In our opinion:

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

- the financial statements have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
14 July 2006

Platform Funding No. 4 Limited

Income statement for the year ended 31 December 2005

	Notes	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Interest income	2	**623**		-	
Interest expense	3	**(285)**		-	
Net interest income			**338**		-
Recovery of bad debts written off		**11**		-	
			11		-
Profit before tax	1		**349**		-
Taxation on profit ordinary activities	5		**(104)**		-
Profit for the year after tax			**245**		-

The accounting policies and notes on pages 8 to 17 form part of these financial statements.

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

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

Platform Funding No. 4 Limited

Balance sheet as at 31 December 2005

	Notes	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Assets					
Bank deposits	6	-		256	
Loans and advances to customers	8	5,517		-	
Other assets	10	329		60	
Total Assets			5,846		316
Liabilities					
Deemed loans due to group undertakings	11	(5,181)		-	
Current tax liability		(104)		-	
Deferred tax liability	5	-		-	
Total Liabilities			(5,285)		-
Net Assets			561		
Equity					
Called up equity share capital	12	-		-	
Retained earnings	14	561		316	
Total Equity			561		316

The accounting policies and notes on pages 8 to 17 form part of these financial statements.

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

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

Platform Funding No. 4 Limited

Cash flow statement for the year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Net Cash outflow from operating activities	13	**(256)**	36
Net cash flow from financing activities		-	-
Net decrease in cash and equivalents		**(256)**	36
Cash and cash equivalents at start of year		**256**	220
Cash and cash equivalents at end of year		-	256

Platform Funding No. 4 Limited

Statement of accounting policies

Basis of preparation

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

The comparative figures in respect of 2004 have been prepared in compliance with IFRS. Reconciliations and explanations of the effect of adopting IFRS compliant accounting policies on the company's equity (net assets), profits and cash flows are provided in note 18.

As a result of the company's decision to adopt the IFRS1 exemption and not restate comparatives for International Accounting Standard No. 39 'Financial instruments: Recognition and measurement' (IAS 39), certain accounting policies will only apply from 1 January 2005 and not to the 2004 comparatives. These policies have been denoted with an asterisk. Accounting policies for these items used in the preparation of the 2004 comparatives, which comply with relevant UK standards, are as set out on page 10.

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

Income and interest expense *

Interest income and expense are recognised in the income statement using the effective interest rate method.

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 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.

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.

Platform Funding No. 4 Limited

Statement of accounting policies (continued)

Financial assets *

Loans and advances to customers are classified as loans and receivables and are carried at amortised cost using the effective interest method with all movements being recognised in the income statement.

Impairment of financial assets *

Loans and advances to customers

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. This arises if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the company about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the company, including:
   - adverse changes in the payment status of borrowers in the portfolio; or
   - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from repossession less costs for obtaining and selling the collateral, whether or not repossession is probable.

Platform Funding No. 4 Limited

Statement of accounting policies (continued)

Deemed Loans and securitisation transactions *

The company has entered into a securitisation transaction in which it sold mortgages to a special purpose entity ("SPE"). Management considers that the company retains substantially all the risks and rewards of ownership of the securitised assets. The company therefore continues to recognise these assets as loans and advances to customers and recognises a financial liability for consideration received. This financial liability termed as deemed loan.

In subsequent periods, income from the securitised mortgages is recognised by the company in the normal manner using the effective interest rate method. Amounts payable to the SPE, together with the expenses of the securitisation, are accrued as an expense on the financial liability.

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

Deferred consideration receivable

Deferred purchase consideration receivable is deducted from the interest payable on the deemed loans.

Financial liabilities *

Financial liabilities are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Dividends

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

Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. 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.

Statement of accounting policies disclosed in the 2004 accounts

Advances subject to non-recourse finance
Loans fully secured on residential properties subject to non-recourse finance meeting the conditions specified in Financial Reporting Statement No. 5 (Substance of Transactions) are included in the balance sheet using the linked presentation method. The company and the Britannia group are not obliged to support any losses in respect of these mortgages subject to non-recourse finance, nor do they intend to. This is clearly stated in agreements with the providers of the funding. Repayment of the non-recourse funding facilities and deferred consideration will be made solely from the cash flows generated by the underlying mortgage portfolios. The net balance disclosed as receivable in the balance sheet of the company represents deferred consideration accrued and not yet received.

Deferred consideration receivable
Deferred consideration is receivable from Platform Home Loans No. 2 PLC on the transfer of the beneficial ownership of the mortgages from Platform Home Loans No. 2 PLC to Meerbrook Number One Limited and is accounted for when receivable.

Deferred consideration is uncertain to the extent that it is dependent upon the surplus income generated by the mortgage book sold and therefore is not recognised by the company until such income have been generated.

Platform Funding No. 4 Limited

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

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

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

2 Interest income

	2005 £'000	2004 £'000
Interest receivable from Platform Consumer Services Limited	2	-
Interest receivable from secured advances	621	-
	623	-

3 Interest expense

	2005 £'000	2004 £'000
Deemed loan interest payable	621	-
Deferred consideration receivable from Platform Home Loans No. 2 PLC (Note 11)	(336)	-
	285	-

4 Directors' emoluments and employees

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

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

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

Platform Funding No. 4 Limited

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

5 Taxation

	2005 **£'000**	2004 £'000
UK tax at 30% (2004: 30%)		
Corporation tax		
Current	**102**	-
Prior year items	**2**	-
Total corporation tax	**104**	-
Deferred tax		
Current	**-**	-
	104	-

Factors affecting tax charge for the year

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

	2005 **£'000**	2004 £'000
Profit on ordinary activities before taxation	**349**	-
Profit before tax multiplied by standard rate of tax	**105**	-
Effects of:		
Income not subject to taxation	**(3)**	-
Adjustments to tax charge in respect of previous year	**2**	-
Total tax charge for the year	**104**	

As at 31 December 2005, 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).

6 Bank deposits

	2005 **£'000**	2004 £'000
Bank deposits (included in cash equivalents: note 7)	**-**	256

Platform Funding No. 4 Limited

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

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:

	2005 **£'000**	2004 £'000
Bank deposits (note 6)	-	256

8 Loans and advances to customers

	2005 **£'000**	2004 £'000
Loans to individuals and fully secured on residential properties	**5,517**	-

During the year the company recovered £11,000 (2004: £nil) against amounts previously written off.

A securitisation of the company's loans and advances was previously carried out. As at 31 December 2005, the total carrying amount of securitised assets was £5,517,000. The total amount of the associated liability for the company at 31 December 2005 was £5,181,000, being the deemed loan amount owed to the SPE net of deferred consideration.

The securitised mortgages are administered by Platform Funding Limited, one of the group undertakings under an Administration Services Agreement. Western Mortgage Services Limited, one of the group undertaking is the sub-administrator of these mortgages. The company has provided various representations and warranties concerning the attributes of the assets at the point of transfer. Under these transactions a security trustee has a charge over the assets of each SPE for the benefit of the holders of the Notes issued by that SPE. In the event that the securitised assets do not yield sufficient cashflows to meet the obligations to the Noteholders of the SPE, those Noteholders have no recourse to the company. The company remain exposed to credit losses on the securitised mortgages up to a maximum of the Society's subordinated loans outstanding to the Noteholders.

9 Deferred purchase consideration receivable

	2005 **£'000**	2004 £'000
Deferred consideration owed by Platform Home Loans No. 2 PLC	**336**	-

Further deferred contingent consideration is receivable from Platform Home Loans No. 2 PLC and is dependent on the extent to which surplus income is generated by the mortgage book, sold by Platform Funding No. 4 Limited to Platform Home Loans No. 2 PLC. The surplus income generated during the year ended 31 December 2005 amounted to £336,037 (2004: £nil).

Platform Funding No. 4 Limited

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

9 Deferred purchase consideration receivable (continued)

The movements in deferred consideration from Platform Home Loans No. 2 PLC are as follows:

	2005 £'000	2004 £'000
At 1 January	-	-
Additional consideration receivable (note 3)	336	-
Amounts received during the year	-	-
At 31 December	336	-

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.

10 Other assets

	2005 £'000	2004 £'000
Amounts owed by Platform Home Loans Limited	-	60
Amounts owed by Platform Consumer Services Limited	329	-
	329	60

All of the above balances are expected to be settled no more than one year after the balance sheet date. The amounts owed by Platform Consumer Services Limited has a variable rate based on 1 month LIBOR plus 21 basis points.

11 Deemed loans to group undertakings

	2005 £'000	2004 £'000
Deemed loans repayable in more than five years	5,517	-
Deferred consideration receivable from Platform Home Loans No. 2 PLC (note 9)	(336)	-
	5,181	-

The effective interest rate is 8.67%

12 Called up share capital

	2005 £	2004 £
Authorised		
100 ordinary shares of £1 each	**100**	100
Issued and fully paid		
2 ordinary shares of £1 each	**1**	1

13 Reconciliation of operating profit to net cash flow from operating activities

	2005 £'000	2004 £'000
Profit for the year before taxation	**349**	-
Net decrease in loans and advances to customers	**3,613**	-
Net (increase)/ decrease in other assets	**(269)**	37
Net decrease in deemed loan liabilities	**(3,949)**	-
Net decrease in other liabilities	**-**	(1)
Net cash (outflow)/ inflow from operating activities	**(256)**	36

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

	2004 £'000	Cash Flow £'000	2005 £'000
Cash in hand and balances at bank	256	**(256)**	**-**

14 Retained earnings

	2005 £'000	2004 £'000
Balance as at 1 January	**316**	316
Profit for the year	**245**	-
Balance as at 31 December	**561**	316

Platform Funding No. 4 Limited

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

15 Ultimate parent undertaking and controlling entity

The company's immediate parent company is Platform Consumer Services Limited. The company's ultimate parent undertaking is Britannia Building Society, a body corporate registered in England.

Copies of the financial statements of Britannia Building Society may be obtained from Britannia House, Cheadle Road, Leek, Staffordshire, ST13 5RG

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

16 Related party disclosures

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

	2005 **£'000**	2004 £'000
Interest receivable from Platform Consumer Services Limited	**2**	-
Deemed loan interest payable to Platform Home Loans No. 2 PLC	**621**	-
Deferred consideration receivable from Platform Home Loans No. 2 PLC	**336**	-
Amounts owed by Platform Home Loans Limited	-	60
Amounts owed by Platform Consumer Services Limited	**329**	-
Deferred consideration due from Platform Home Loans No. 2 PLC	**336**	
Deemed loan repayable to Platform Home Loans No. 2 PLC	**5,517**	-

17 Dividends

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the Meeting to be held on 17 July 2006 a dividend of £280,500 per share amounting to a total of £561,000 will be proposed. (2004: actual £nil).

18 Transition to International Financial Reporting Standards

A reconciliation between the UK GAAP balance sheet as at 31 December 2003 and the IFRS balance sheet as at 1 January 2004 has not been prepared, as there are no differences between the balance sheets at these dates.

A reconciliation between the UK GAAP income statement for the year ended 31 December 2004 and the IFRS income statement for the same year has not been prepared, as there are no differences between these two income statements.

A reconciliation between the UK GAAP balance sheet as at 31 December 2004 and the IFRS balance sheet as at 31 December 2004 has not been prepared, as there are no differences between the balance sheets at these dates.

Platform Funding No. 4 Limited

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

18 Transition to International Financial Reporting Standards (continued)

Reconciliation between IFRS balance sheets as at 31 December 2004 and 1 January 2005

	Note	IFRS 31 December 2004 (excl. IAS 32 and IAS 39)	Other effects of IAS 32 and IAS 39	IFRS 1 January 2005
		£'000	£'000	£'000
Assets				
Bank deposits		256	-	256
Loans and advances to customers	1	-	9,130	9,130
Other assets		60	-	60
Total Assets		316	9,130	9,446
Liabilities				
Deemed loan due to group undertakings	2	-	(9,130)	(9,130)
Total Liabilities		-	(9,130)	(9,130)
Net Assets		316	-	316
Equity				
Called up equity share capital		-	-	-
Retained earnings		316	-	316
Total Equity		316	-	316

Notes to the reconciliation:

1 Loans and advances sold to Platform Home Loans No. 2 PLC fail the derecognition criteria of IAS 39 and therefore these loans are now shown on the company's balance sheet.

2 Recognition of deemed loan liability, being the balance of loans and advances sold to Platform Home Loans No. 2 PLC net of deferred consideration.