

**ABBAY COVERED BONDS (LM)
LIMITED (FORMERLY TRUSHELFCO
(No. 3136) LIMITED**

**Registered in England and Wales
No. 05365645**

REPORT AND ACCOUNTS

**FOR THE PERIOD ENDED
31 DECEMBER 2005**



ABBEY COVERED BONDS (LM) LIMITED (FORMERLY TRUSHELFCO (No. 3136) LIMITED)

Report of the directors

The Directors submit their report together with the financial statements for the period ended 31 December 2005.

Principal activity and review of the period

The Company was incorporated on 15 February 2005. The company changed its name from Trushelfco (No.3136) Limited on 18 April 2005. The Company's principle activity is to be a designated member of an associated limited liability partnership and earn fees for this service.

Results and dividends

The profit for the year on ordinary activities after tax amounted to £237. The Directors do not recommend the payment of a dividend. The retained profit of £237 has been transferred to reserves.

Directors and their interests

The Directors who served throughout the period, except as noted, were:

Mr C H Fielding (appointed 7 April 2005)
Mr M McDermott (appointed 27 April 2005)
Mr B W Morrison (appointed 7 April 2005)
Wilmington Trust SP Services (London) Limited (appointed 27 April 2005)
Mr M S Hutchinson (appointed 6 April 2005 and resigned 7 April 2005)
Mr M L Rickard (appointed 6 April 2005 and resigned 6 April 2005)
Mr N F Monir (appointed 15 February 2005 and resigned 6 April 2005)
Mr L J Stoker (appointed 15 February 2005 and resigned 6 April 2005)

No Director of the Company has any interests in the shares of the Company, or of other Group Companies incorporated in Great Britain.

Directors' responsibility statement

The directors are responsible for preparing their report and financial statements. The directors have chosen to prepare accounts for the company in accordance with International Financial Reporting Standards (IFRSs). Company law requires the directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

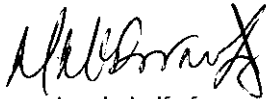
Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

ABBEY COVERED BONDS (LM) LIMITED (FORMERLY TRUSHELFCO (No. 3136) LIMITED)

Auditors

During the period it was resolved to appoint Deloitte & Touche LLP as auditors of the Company. A resolution to reappoint Deloitte & Touche LLP as auditors will be proposed at the annual general meeting.

By Order of the Board



For and on behalf of
Wilmington Trust SP Services (London) Limited
Company Secretary

Registered Office Address: C/O Wilmington Trust SP Services (London) Limited, Tower 42 (Level11), 25 Old Broad Street, London, EC2N 1HQ

ABBEY COVERED BONDS (LM) LIMITED (FORMERLY TRUSHELFCO (No. 3136) LIMITED)

Independent Auditors' Report to the members of Abbey Covered Bonds (LM) Limited

We have audited the individual company financial statements (the "financial statements") of Abbey Covered Bonds (LM) Limited for the period starting from 15 February 2005 to 31 December 2005, which comprise the income statement, the balance sheet, and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you 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 transactions with the company and other members of the group is not disclosed.

We also report if, in our opinion, the directors' report is not consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

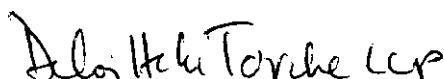
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 circumstances of the company and the group, 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 those International Financial Reporting Standards as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2005 and of its profit for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

1 February 2006

ABBEY COVERED BONDS (LM) LIMITED (FORMERLY TRUSHELFCO (No. 3136) LIMITED)

Income Statement

For the Period ended 31 December 2005

	Notes	From 15 February 205 to 31 December 2005 £
Continuing Operations-		
Operating Income	2	-
Fee income		338
Finance costs		-
Profit before tax		338
Tax	3	(101)
Net profit attributable to equity holders of the parent		237

All the activities of the Company are classed as continuing.

The company has no recognised income and expenditure in both the current or prior year other than those included in the income statement above and therefore no separate statement of recognised income and expenditure has been presented.

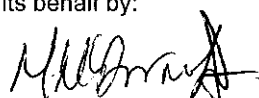
ABBNEY COVERED BONDS (LM) LIMITED (FORMERLY TRUSHELFCO (No. 3136) LIMITED)

Balance Sheet As at 31 December 2005

	Notes	2005 £
Current assets		
Trade and other receivables	4	348
Total assets		348
Current liabilities		
Trade and other payables	5	101
Total liabilities		101
Net assets		247
Equity		
Share capital	6	10
Retained earnings		237
Equity attributable to equity holders of the parent		247

The financial statements were approved by the board of directors and authorised for issue on 31 January 2006. They were signed on its behalf by:

Director



ABBHEY COVERED BONDS (LM) LIMITED (FORMERLY TRUSHELFCO (No. 3136) LIMITED)

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

1. Adoption of International Financial Reporting Standards ("IFRS")

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the first time for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The adoption of IFRS has not resulted in any differences from the financial statements as reported under UK GAAP that require disclosure under IFRS1.

The principal accounting policies applied in the preparation of financial statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention (as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts.)

Cash flow statement

A cash flow statement has not been included in the financial statements because the Company has not undertaken any cash transactions since incorporation and so no cash flows have occurred.

2. Profit from operations

No emoluments were paid to Directors by the Company during the period and it is not practicable for the parent company to apportion Directors' emoluments.

The audit fee for the services to Abbey Covered Bond (LM) Limited is to be paid by Abbey National plc.

The Company has no employees.

3. Tax

	2005 £
Current tax:	
UK corporation tax	101

Corporation tax is calculated at 30% of the estimated assessable profit for the period.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2005 £
Profit before tax:	
Continuing operations	338
Tax at the UK corporation tax rate of 30%	101
Tax (expense) for the period	(101)

4. Trade and other receivables

	2005 £
Amounts due from group companies	338
Called up share capital not paid	10

The Directors consider that the carrying amount of trade receivables approximates to their fair value.

ABBNEY COVERED BONDS (LM) LIMITED (FORMERLY TRUSHELFCO (No. 3136) LIMITED)

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

5. Trade and other payables

	2005 £
Corporation tax	101
	101

The directors consider that the carrying amount of trade payables approximates to their fair value.

6. Share capital

	2005 £
Authorised:	
100 ordinary shares of £1 each	100
Called up, issued and fully paid share capital:	
10 ordinary shares of £1 each	10

The proceeds from the share issue are held on behalf of the company by Wilmington Trust SP services (London) Limited, a group company.

7. Related party transactions

Transactions with related parties comprised amount receivable in relation to the fee income from Abbey Covered Bonds LLP and subscription received on issue of shares to Abbey Covered Bonds (Holding) Limited and Abbey National plc held with Wilmington Trust SP services (London) Limited.

The following were the balances with related parties as at 31 December 2005.

Amounts due from group undertakings

	2005 £
Abbey Covered Bonds LLP	338
Wilmington Trust SP services	10
	348

There were no related party transactions during the period, or existing at the balance sheet date, with key management personnel of the Company.

8. Investment in Limited Liability Partnerships.

The Company is a designated member of Abbey Covered Bonds LLP a partnership registered in England & Wales. The Company has made no capital contributions to the partnership and currently has a 0% share of ownership interest. There is no intention for the Company to make capital contributions to the partnership in the future.

9. Parent undertaking and controlling party

The Company's immediate parent company is Abbey Covered Bonds (Holdings) Limited. Abbey National plc has the controlling interest in the Company.

The company's ultimate controlling party is Banco Santander Central Hispano S.A., a company incorporated in Spain. Banco Santander Central Hispano S.A. is the parent undertaking of the largest group of undertakings for which group accounts are drawn up. Abbey National plc is the parent undertaking of the smallest group of undertakings for which group accounts are drawn up.

Copies of all sets of group accounts, which include the results of the Company, are available from Abbey Secretariat, Abbey National House, 2 Triton Square, Regents Place, London, NW1 3AN.