Registered number 05819309

MARBLE ARCH RESIDENTIAL SECURITISATION NO. 4 PARENT LIMITED

Directors' report and financial statements

for the year ended 30 November 2012

Company Information

Directors	M H Filer Wilmington Trust SP Services (London) Limited D R Fisher (appointed 15 May 2012)
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	05819309
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor, 1 King's Arms Yard London EC2R 7AF
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Note trustee	BNYM Corporate Trustee Services Limited One Canada Square London E14 5AL

MARBLE ARCH RESIDENTIAL SECURITISATION NO. 4 PARENT LIMITED

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MARBLE ARCH RESIDENTIAL SECURITISATION NO. 4 PARENT LIMITED

Directors' report
for the year ended 30 November 2012

The directors present their report and the audited consolidated financial statements for the year ended 30 November 2012

Principal activities

The principal activity of the Company is that of a holding company The principal activity of the Group is the investment in mortgage loans secured by first and second charges over properties within the United Kingdom

Business review

On 31 October 2006 the Group purchased £840,000,000 of mortgages from Southern Pacific Mortgage Limited Further consideration may be payable dependent on future performance of the mortgages The acquisition of these mortgage assets has been accounted for as a loan to originator as detailed in note 1 of the financial statements To facilitate the purchase, the Group issued a series of loan notes on 31 October 2006 These loan notes are listed on the Irish Stock Exchange

The mortgage servicing, cash bond administration and accounting services are provided by Acenden Limited (formerly Capstone Mortgage Services Limited), an external party

The consolidated results for the year ended 30 November 2012 are set out on page 9 The Group's business activities, together with the factors likely to affect its future development, financial performance and financial position are set out below

The current economic environment is difficult but the Group has reported a profit for the year after Financial Reporting Standard No 26 adjustments, which are required in order to recognise the interest income on mortgage loan assets underlying the loan to originator on an Effective Interest Rate (EIR) basis However the directors consider that the outlook presents significant challenges in meeting the capital repayments and interest due to the holders of the loan notes as and when they fall due

Nevertheless the directors have concluded that the Group will continue as a going concern and set out the basis for this conclusion in the Going concern section of this report

On 22 September 2009 the Group filed claims of US$17,807,000 against the interest rate swap counterparty arising from the Swap Agreement and against Lehman Brothers Holdings Inc (LBHI) arising from a guarantee given by LBHI unconditionally guaranteeing the obligations of the Swap Counterparty in connection with the Swap Agreement The directors do not currently think that it is possible to quantify amounts that may eventually be recovered under these claims and therefore nothing has been recognised in the financial statements

The results for the year include the following adjustments as required by Financial Reporting Standard No 26

	2012	*2011*
	£000	*£000*
Net fair value (loss)/gain on derivatives	**(3,659)**	*34*
Unrealised exchange gain/(loss) on loan liabilities	**5,006**	*(2,027)*
EIR adjustment	**47**	*(77)*
	1,394	*(2,070)*

Business review (continued)

At the year end the loan to originator balance after the Effective Interest Rate Adjustment, was £254,009,000 *(2011 – £269,418,000)* At the December 2012 Interest Payment Date the originator held the following mortgage loans underlying the loan to originator, excluding the Effective Interest Rate Adjustment

	Principal balance £000	*Number of loans*
First mortgages	**222,179**	*1,647*
Second mortgages	**39,993**	*2,366*
Total	**262,172**	*4,013*

These mortgages provide security against loan notes in issue totalling £180,365,000 €100,550,000 and US$27,100,000 as at the December 2012 Interest Payment date

The mortgage loans exhibited the following quarterly arrears profile

Delinquencies days – (excluding repossessions)*	Q1	Q2	Q3	Q4
	%	%	%	%
Current	79 02	79 68	79 28	78 53
>30<=60	5 56	4 84	4 94	5 25
>60<=90	4 31	4 52	4 23	3 55
>90<=120	2 78	2 41	3 12	2 96
>120	8 33	8 55	8 43	9 71
Total	100 00	100 00	100 00	100 00

**The definition of delinquencies has been changed to use the new term Payment Arrears which means 'Total Outstanding Contractual Monthly Instalments of Interest and/or Interest and Principal'*

At the March 2013 Interest Payment Date following year end, the mortgage assets underlying the loan to originator balance, was £257,976,000, 14 32% of the balance was greater than 3 months in arrears

The directors consider the level of arrears to be within expectations and have not made any adjustment to the expected cash flows of the loan to originator

The performance of the mortgage loans during the year to 30 November 2012 did not enable any deferred consideration *(2011 – £Nil)* to be paid to the current holder of the rights to the residual cash flows of the securitisation

Future developments

The directors of the Company do not envisage any change to the principal activities of the Group in the future

Going concern

As described in the Business review, the Group has reported an operating profit for the year

However the Group is in a net liability position as at 30 November 2012 due to the impact of adverse interest rate movements on the value of the loan notes, which are no longer covered by interest rate swaps, the amortisation of the premium paid to the mortgage loan originator and the impairment of the underlying mortgage loans Should these adverse interest rate movements and this impairment not reverse in forthcoming periods the Group may be unable to meet capital repayments and interest due to the holders of the loan notes as and when they fall due

It is the intention of the directors of the Company to continue operations until such a time as the amount due from mortgage loans underlying the loan to originator have been fully realised Forecasts indicate that the group will have adequate cash to enable it to meet its obligations within the next 12 months Additionally, the group has performed as expected during the year and is expected to do the same over the next 12 months Ultimately, due to the non-recourse nature of the loan notes, any shortfall in the proceeds from the mortgage assets will be a risk to the holders of those notes and accordingly the financial statements have been prepared on a going concern basis

Fair value

Note 17 discloses the fair values of the mortgage assets, underlying the loan to originator, and loan notes The directors noted that as at 30 November 2012 the respective fair values of the mortgage assets underlying the loan to originator, and loan notes are less than the carrying values recorded in the balance sheet

The directors believe that this is reasonable, based on the global contraction of credit markets, the challenges faced by the sub prime mortgage sector and the decline in market demand for mortgage backed securities

As no liquid market exists for either the mortgage loans underlying the loan to originator or loan notes, the directors have ascribed an approximate fair value based on an internal discounted cash flow model that is used to value non-securitised mortgage loan receivables This model takes into account expected prepayment rates, arrears levels, house price movements, level of repossessions, losses and discount rates based on the most recent available information

Results and dividends

The profit for the year, after taxation, amounted to £2,191,000 *(2011 - £6,426,000)*

The directors do not recommend the payment of a dividend for the year *(2011 – £Nil)*

Company's policy for payment of creditors

The Group does not follow any stated code on payment practice It is the Group's policy to agree terms of payment with suppliers when agreeing the terms of each transaction and to abide by those terms Standard terms provide for payment of all invoices within 30 days after the date of the invoice, except where different terms have been agreed with the suppliers at the outset It is the policy of the Group to abide by the agreed terms of payment There are no creditor days of suppliers' invoices outstanding at the year end *(2011 – nil days)*

Directors

The directors who served during the year were

M H Filer
J Schroeder (resigned 15 May 2012)
Wilmington Trust SP Services (London) Limited
D R Fisher (appointed 15 May 2012)

Principal risks and uncertainties

(a) Financial instrument risk

The financial instruments held by the Group comprise mortgage assets underlying the loan to originator, borrowings, cash and various other items (such as other debtors, other creditors etc) that arise directly from its operations

The Group also entered into derivative transactions where necessary (principally interest rate and currency swaps) to manage its interest rate risk and currency risk

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign exchange risk and liquidity risk The directors review and agree policies for managing each of these risks and they are summarised below

(b) Credit risk

Credit risk is the risk that borrowers will not be able to meet their obligations as they fall due All mortgages underlying the loan to originator were required to adhere to specific lending criteria The ongoing credit risk of the mortgage portfolio (and particularly in respect of accounts in arrears) is closely monitored by the directors The mortgage portfolio is recognised as a collateralised non-recourse loan to the originator as explained in note 1 In addition there is credit risk associated with the ability of the swap counterparty to meet its obligations under the swap agreement This is recognised by showing the derivative financial instruments in the balance sheet net of a credit valuation adjustment

(c) Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times The Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar Where this is not possible the Group has used derivative financial instruments to mitigate any residual interest rate risk However, the interest rate swap counterparty has filed for Chapter 11 bankruptcy, and has defaulted on the swaps The swap agreements have not been replaced The directors believe under current circumstances that it is not viable to replace the swaps and until such time, the Group will continue with an unhedged interest rate risk exposure

(d) Foreign exchange risk

Foreign exchange risk exists where the loan notes are denominated in a currency which is different to the underlying Sterling mortgage loans The Group minimises its exposure to foreign currency risk by ensuring that the currency characteristics of its assets and liabilities are similar Where this is not possible the Group has used derivative financial instruments to mitigate any foreign exchange risk

(e) Liquidity risk

The Group's policy is to manage liquidity risk by matching the timing of the cash receipts from mortgage assets underlying the loan to originator with those of the cash payments due on the loan notes In addition the Group holds a minimum cash balance to manage short term liquidity requirements

Directors' report
for the year ended 30 November 2012

Corporate governance

The Directors are responsible for internal control in Marble Arch Residential Securitisation No 4 Parent Limited and for reviewing the effectiveness Procedures have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud The procedures enable Marble Arch Residential Securitisation No 4 Parent Limited to comply with the relevant regulatory obligations

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

Auditors

The auditors, Ernst & Young LLP, will be proposed for reoppointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

Mark Filer

Director

Date 8 JULY 2013

Statement of directors' responsibilities for the year ended 30 November 2012

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the members of Marble Arch Residential Securitisation No. 4 Parent Limited

We have audited the financial statements of Marble Arch Residential Securitisation No 4 Parent Limited for the year ended 30 November 2012, which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash flow Statement and the related notes 1 to 24, set out on pages 9 to 35 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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

As explained more fully in the Statement of directors' responsibilities, set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and of the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the Directors' report and financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Marble Arch Residential Securitisation No. 4 Parent Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Amarjit Singh (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP (Statutory Auditor)

London
Date 9 JULY 2013

Consolidated profit and loss account
for the year ended 30 November 2012

	Note	2012 £000	*2011 £000*
Interest receivable and similar income	2	**13,829**	*15,899*
Interest payable and similar charges	3	**(5,510)**	*(5,429)*
Net interest receivable		**8,319**	*10,470*
Operating expenses		**(8,243)**	*(3,758)*
Other operating income	4	**1,047**	*1,297*
		1,123	*8,009*
Net fair value (loss)/gain on derivatives		**(3,659)**	*34*
Unrealised exchange gain/(loss) on loan liabilities		**5,006**	*(2,027)*
Profit on ordinary activities before taxation	5	**2,470**	*6,016*
Tax on profit on ordinary activities	6	**(279)**	*410*
Profit for the financial year after taxation	15	**2,191**	*6,426*

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss Account

The notes on pages 13 to 35 form part of these financial statements

MARBLE ARCH RESIDENTIAL SECURITISATION NO. 4 PARENT LIMITED
Registered number 05819309

Consolidated balance sheet
as at 30 November 2012

	Note	£000	2012 £000	*£000*	*2011 £000*
Fixed assets					
Loan to originator	9		**254,009**		*269,418*
Current assets					
Debtors amounts falling due after more than one year	11	**15,276**		*18,935*	
Debtors amounts falling due within one year	11	**892**		*1,239*	
Cash at bank		**79,173**		*76,074*	
		95,341		*96,248*	
Creditors. amounts falling due within one year	12	**(67,180)**		*(62,640)*	
Net current assets			**28,161**		*33,608*
Total assets less current liabilities			**282,170**		*303,026*
Creditors amounts falling due after more than one year	13		**(283,005)**		*(306,052)*
Net liabilities			**(835)**		*(3,026)*
Capital and reserves					
Issued share capital	14		**-**		*-*
Profit and loss account	15		**(835)**		*(3,026)*
Shareholders' deficit	16		**(835)**		*(3,026)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

Mark Filer
Director

Date 8 JULY 2013

The notes on pages 13 to 35 form part of these financial statements

Company balance sheet
as at 30 November 2012

	Note	2012 £000	*2011 £000*
Fixed assets			
Investments	8	**13**	*13*
Creditors amounts falling due within one year	12	**(13)**	*(13)*
Total assets less current liabilities		-	-
Capital and Reserves			
Issued share capital	14	-	-
Shareholders' funds	16	-	-

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
8 JULY 2013

Director Mark Filer

The notes on pages 13 to 35 form part of these financial statements

Consolidated cash flow statement
for the year ended 30 November 2012

	Note	2012 £000	*2011 £000*
Net cash flow from operating activities	19	(873)	*(575)*
Returns on investments and servicing of finance	20	7,238	*8,951*
Capital expenditure and financial investment	20	15,091	*16,978*
Cash inflow before financing		21,456	*25,354*
Financing	20	(18,357)	*(19,616)*
Increase in cash in the year		3,099	*5,738*

Reconciliation of net cash flow to movement in net funds/debt
for the year ended 30 November 2012

	2012 £000	*2011 £000*
Increase in cash in the year	3,099	*5,738*
Cash outflow from decrease in debt	18,357	*19,616*
Change in net debt resulting from cash flows	21,456	*25,354*
Unrealised exchange gain/(loss) on loan notes	4,825	*(1,888)*
Amortisation of capitalised issue costs	(135)	*(270)*
Movement in net debt in the year	26,146	*23,196*
Net debt at 1 December 2011	(229,978)	*(253,174)*
Net debt at 30 November 2012	(203,832)	*(229,978)*

The notes on pages 13 to 35 form part of these financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards except for derivative financial instruments which are carried at fair value through the profit and loss account The financial statements have been prepared on a going concern basis as referred to in the Going concern section of the Directors' report

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Group and all its subsidiaries for the year ended 30 November 2012 All the subsidiaries are accounted for using acquisition accounting

In accordance with section 408 (4) of the Companies Act 2006, Marble Arch Residential Securitisation No 4 Parent Limited is exempt from the requirement to present its own profit and loss account The result for the year of Marble Arch Residential Securitisation No 4 Parent Limited is disclosed in note 16 to the financial statements

1.3 Income recognition

Interest income on mortgage loan assets underlying the loan to originator is recognised in the profit and loss account on an Effective Interest Rate (EIR) basis The EIR recognises revenue equivalent to the rate that effectively discounts estimated future cash flows throughout the estimated life to the net carrying value of the loan

1.4 Loan to originator

Where a transfer of a financial asset does not qualify for derecognition, the transferee does not recognise the transferred asset for financial reporting purposes, as its asset The transferee derecognises the cash or other consideration paid and recognises a receivable from the transferor In relation to the mortgage portfolio transferred to the Group, derecognition is considered to be inappropriate for the portfolio seller's or originator's (Southern Pacific Mortgage Limited) own financial statements as the originator has retained significant risks, in the form of credit enhancement paid in, and rewards, in the form of deferred purchase consideration to be paid out, of that financial asset The Group's financial statements are therefore prepared on the basis that its acquisitions of beneficial interests in mortgage portfolios are recognised as a collateralised non-recourse loan to the originator

The loan to originator is classified within "loans and receivables", the initial measurement is at fair value with subsequent measurement being at amortised cost using the effective interest rate method The effective interest on the loan to the originator is calculated with reference to the interest earned on the beneficial interest in the mortgage portfolio less the residual interest due to the current holder of the rights to the residual cash flows of the securitisation

1. Accounting policies (continued)

Loan to originator (continued)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated

An adjustment to the expected cash flows of the loan to originator balance would be recognised where there is a risk that the income on the loan will be significantly reduced This could occur if the credit quality of the mortgage assets that are pledged as collateral for the loan deteriorated significantly and is calculated using the methodology below

Specific provisions for losses on loans and advances to customers which underlie the loan to originator are made throughout the year and at the year-end on a case by case basis (calculated with reference to the probability of the loan defaulting and the value of the security held against the loan) The specific provision for properties in possession is based on the balance outstanding less a discounted valuation of the security held (with adjustments for expenses of sale)

1.5 Fixed asset investment

The Company's investment in subsidiary companies is stated at cost, less provision for diminution in value where the directors consider this necessary

1.6 Premium paid on mortgage assets underlying the loan to originator

A premium is recognised where mortgage assets which underlie the loan to originator are acquired at amounts in excess of their carrying values This premium was capitalised by the Company and amortised over the expected repayment period of the mortgage assets The amortised balance is added to the loan to originator balance with the costs amortised in the year included in interest payable

1.7 Discount on purchase of mortgage assets underlying the loan to originator

Cash received from the originator on acquisition of the mortgage assets underlying the loan to originator to cover start up costs are amortised over the expected life of the mortgage assets The amortised balance is deducted from the loan to originator with the income for the year included in interest receivable

1. Accounting policies (continued)

1.8 Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that have occurred at that date that will result in an obligation to pay more, or a right to pay less tax with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.9 Deferred consideration

Deferred consideration represents further amounts payable on the acquisition of mortgages from Southern Pacific Mortgage Limited The payment of these amounts is conditional on the performance of the mortgages underlying the loan to originator

Under the terms of the securitisation the Group earns a maximum annual profit in an amount equal to 0 01 per cent of the aggregate balances of the loans in the mortgage pool before any Financial Reporting Standard No 26 adjustments which may include exchange gains or losses on revaluation of foreign currency liabilities, Effective Interest Rate adjustments, remeasurement adjustments to loan note liabilities and gains or losses on derivatives Profits in excess of 0 01 per cent accrue to the current holder of the rights to the residual cash flows of the securitisation as deferred consideration, unless the Group has cumulative adjusted losses from prior years Accordingly, amounts owing to the current holder of the rights to the residual cash flows of the securitisation are recognised as creditors in the balance sheet

On a quarterly basis surplus income received from the mortgage assets is paid to the current holder of the rights to the residual cash flows and recorded as deferred consideration in the profit and loss account

1 10 Derivatives

The Group uses derivative financial instruments to hedge its exposure to interest rate and currency risk arising from operational, financing and investment activities The Group does not hold or issue derivative financial instruments for trading purposes However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments

Financial Reporting Standard No 26 requires all derivative financial instruments to be recognised initially at fair value on the balance sheet Subsequent to initial recognition, derivatives are remeasured to fair value Where the value of the derivative is positive, it is carried as a derivative asset and, where negative, as a derivative liability The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account The fair value of the derivative financial instruments is the estimated amount that the Group would receive or pay to terminate them at the balance sheet date

1. **Accounting policies (continued)**

1.11 Currency swaps

A series of currency swaps were entered into in order to manage the Group's currency rate exposure in relation to non-Sterling denominated Loan Notes The derivative contracts were designed to match the expected profile of the run-off of the non-Sterling denominated Loan Notes

1.12 Foreign currencies

Monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet date, are reported at the rates of exchange prevailing at the reporting date Any exchange differences arising in the year on the settlement or retranslation of foreign currency assets or liabilities are included in the profit and loss account

1.13 Issue costs

Initial issue costs incurred in arranging funding facilities are amortised over the life of the facility Unamortised initial issue costs are deducted from the associated liability in accordance with Financial Reporting Standard No 26 and costs amortised in the year are included in interest payable

1.14 Loan notes

Loan notes are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, the loan notes are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis

The repayment of the loan notes is dependent on principal and interest collections on the mortgage loans The directors periodically review the estimated future cash flows on the mortgage loans to determine whether the amortised cost carrying value of the loan notes requires adjustment If a shortfall in the cash flows is identified, an adjustment is credited to the profit and loss account to reduce the carrying value of the loan notes

1.15 Related party transactions

Southern Pacific Mortgage Limited retains an interest in the cash flows and profits of Marble Arch Residential Securitisation No 4 plc, a wholly owned subsidiary of Marble Arch Residential Securitisation No 4 Parent Limited Accordingly Southern Pacific Mortgage Limited whilst having no direct investment in the Group is treated as a related party

MARS 4 Residual Financing Limited purchased and benefits from the residual cash flows generated by Marble Arch Residential Securitisation No 4 plc, whilst having no direct investment in the Group, is treated as a related party

1.16 Turnover

The Group's income and trade are wholly within the UK and within a single market sector and therefore no segmental analysis has been presented

Notes to the financial statements
for the year ended 30 November 2012

2. Interest receivable and similar income

	2012 £000	*2011 £000*
On loan to originator	12,309	*13,508*
Other interest	477	*305*
Amortisation of discount on purchase of mortgage assets underlying the loan to originator	1,043	*2,086*
	13,829	*15,899*

3 Interest payable and similar charges

	2012 £000	*2011 £000*
Loan notes	4,553	*4,415*
Other interest	785	*670*
Amortisation of capitalised issue costs	135	*270*
Amortisation of premium paid to mortgage loan originator	37	*74*
	5,510	*5,429*

4. Other operating income

	2012 £000	*2011 £000*
Redemption fees	73	*62*
Sundry fee income	974	*1,235*
	1,047	*1,297*

5. Profit on ordinary activities before taxation

The operating profit is stated after charging/(crediting)

	2012 £000	2011 £000
Auditors' remuneration - for audit services - Group	16	15
Other fees to auditors – taxation services - Group	10	9
Adjustment to the expected cash flows of the loan to originator arising from the impairment of the underlying mortgages	(316)	(595)
Adjustment to the expected cash flows of the loan to originator arising from bad debts incurred on the underlying mortgages	1,687	2,294
Auditors' remuneration - for audit services - Company	6	6
Other fees to auditors – taxation services - Company	1	1

Auditors other services includes £10,000 for corporation tax compliance work (2011 - £9,000)

Auditors' remuneration - audit services of £5,900 (2011 – £5,600) and other fees to auditors - corporation tax compliance services of £1,000 (2011 – £900) for the company, were borne by the subsidiary

6. Taxation

	2012 £000	2011 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	-
Deferred tax		
Origination and reversal of timing differences	279	(413)
Effect of decreased tax rate on opening liability	-	3
Total deferred tax (see note 18)	279	(410)
Tax on profit on ordinary activities	279	(410)

6. Taxation (continued)

Factors affecting tax charge for the year

The tax rate assessed for the year is lower than *(2011 - lower than)* the standard rate of corporation tax in the UK of 20% *(2011 - 20%)* The differences are explained below

	2012 £000	*2011 £000*
Profit on ordinary activities before tax	**2,470**	*6,016*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% *(2011 - 20%)*	**494**	*1,203*
Effects of		
Utilisation of tax losses	**(215)**	*(1,617)*
Short term timing difference leading to an increase/(decrease) in taxation	**(279)**	*414*
Current tax charge for the year (see note above)	**-**	*-*

7. Information regarding directors and employees

The Group has no employees other than the directors, who did not receive any remuneration *(2011 - £NIL)*

8. Investments

Company	2012 £000	*2011 £000*
Shares in group undertakings	-	*13*

The undertakings in which the Company's interest at 30 November 2012 is more than 20% are as follows

Company name	Country	Percentage Shareholding	Description
Marble Arch Residential Securitisation No 4 plc	United Kingdom	100%	Investment in residential loans

At 30 November 2012 the Company held 49,998 ordinary shares of £1 each in Marble Arch Residential Securitisation No 4 plc, and has paid up 25p on each share The Company also held one fully paid share of £1 in the same company These holdings represent the entire issued share capital of that company except for one fully paid ordinary share of £1 held by Wilmington Trust SP Services (London) Limited on a discretionary basis

Marble Arch Residential Securitisation No 4 plc acts as an investment company, holding mortgages financed by Floating Rate Notes The subsidiary is registered and operates in the United Kingdom The following information is presented in respect of its financial statements for the year ended 30 November 2012

	2012 £000	*2011 £000*
Aggregate deficit	(822)	*(3,013)*
Profit for the year	2,191	*6,426*

Notes to the financial statements
for the year ended 30 November 2012

9. Loan to originator - net balances

	2012 £000	2011 £000
At 1 December	269,418	286,160
Movement in unamortised premium on acquisition of mortgage loans underlying the loan to originator (Note 10)	(37)	(74)
Movement in unamortised discount on acquisition of mortgage loans underlying the loan to originator	1,043	2,086
Principal repayments, mortgage redemptions and other movements	(15,044)	(17,055)
Adjustment to the expected cash flows of the loan to originator arising from the impairment of the underlying mortgages	316	595
Adjustment to the expected cash flows of the loan to originator arising from bad debts incurred on the underlying mortgages	(1,687)	(2,294)
At 30 November	254,009	269,418

The Group purchased a portfolio of mortgage loans from Southern Pacific Mortgage Limited However, as the principal economic risk and rewards associated with these mortgage loans remain with Southern Pacific Mortgage Limited, these loans are not deemed for accounting purposes to have been transferred to the Group Accordingly, the Group accounts for the transaction as a loan to Southern Pacific Mortgage Limited, as the originator of the loans The repayment of the loan to originator is linked to the repayment of the loan notes referred to in note 13

The loan to Southern Pacific Mortgage Limited is denominated in Sterling and bears interest at a variable rate It is secured on the beneficial interest in a portfolio of residential mortgage loans

The current mortgage loans in the pool have loan periods of between 1 to 284 months remaining with current interest rates ranging from 1 06% to 15 00% per annum

The mortgage loans are held as security against the loan notes referred to in note 13

10. Premium on mortgages underlying the loan to originator

	2012 £000	2011 £000
At 1 December	224	298
Amortisation in the year	(37)	(74)
At 30 November	187	224

11. Debtors

	2012 £000	*2011 £000*
Due after more than one year		
Derivative financial instruments	**15,276**	*18,935*

	2012 £000	*2011 £000*
Due within one year		
Prepayments and accrued income	**663**	*731*
Tax recoverable	**14**	*14*
Deferred tax asset (see note 18)	**215**	*494*
	892	*1,239*

The derivative financial instruments mentioned in note 17 are shown net of a credit valuation adjustment of £2,136,000 in respect of counterparty default risk *(2011 – £4,421,000)*

12. Creditors
Amounts falling due within one year

	Group		Company	
	2012 £000	*2011 £000*	**2012 £000**	*2011 £000*
Accruals and deferred income	**1,189**	*1,575*	**-**	-
Amounts owed to related parties	**10**	*10*	**-**	-
Other creditors	**65,981**	*61,055*	**13**	*13*
	67,180	*62,640*	**13**	*13*

Other creditors include £60,900,000 *(2011 – £60,900,000)* owing to the liquidity facility provider This arises from the drawdown of the facility due to the increased counterparty default risk of the provider The cash drawing of £60,900,000 *(2011 – £60,900,000)* is included in Cash at bank and in hand

13 Creditors amounts falling due after one year

	2012 £000	2011 £000
GBP Denominated Mortgage backed loan notes due 2040 - Class A3c	98,999	117,356
EUR Denominated Mortgage backed loan notes due 2040 - Class B1a	29,529	31,150
USD Denominated Mortgage backed loan notes due 2040 - Class B1b	16,914	17,261
GBP Denominated Mortgage backed loan notes due 2040 - Class B1c	20,000	20,000
EUR Denominated Mortgage backed loan notes due 2040 - Class C1a	35,248	37,183
GBP Denominated Mortgage backed loan notes due 2040 - Class C1c	15,000	15,000
EUR Denominated Mortgage backed loan notes due 2040 - Class D1a	16,792	17,714
GBP Denominated Mortgage backed loan notes due 2040 - Class D1c	26,000	26,000
GBP Denominated Mortgage backed loan notes due 2040 - Class E1c	25,200	25,200
	283,682	306,864
Less Issue costs	(677)	(812)
	283,005	306,052

All loan notes fall due after more than five years

The mortgage backed floating rate loan notes due 2040 are secured over a portfolio of mortgage loans secured by first and second charges over residential properties in the United Kingdom

The mortgages underlying the loan to originator are administered by Acenden Limited on behalf of Marble Arch Residential Securitisation No 4 PLC

The loan notes are repaid as the underlying portfolio redeems The terms and conditions of the loan notes provide that the loan note holders will receive interest and principal only to the extent that sufficient funds are generated from the mortgages underlying the loan to originator

The mortgage backed floating rate notes are subject to mandatory redemption in part at each interest payment date in an amount equal to the principal received or recovered in respect of the mortgages If not otherwise redeemed or purchased and cancelled, the notes will be redeemed at their principal amount outstanding on the interest payment date falling in March 2040

The priority and amount of claims on the portfolio proceeds are determined in accordance with a strict priority of payments The loan notes are repayable out of capital receipts from the mortgage loan receivables, with the Class A Notes ranking in priority to the Class B Notes, which rank in priority to the Class C Notes, which rank in priority to the Class D Notes, which rank in priority to the Class E Notes

The loan notes issued by Marble Arch Residential Securitisation No 4 plc are full recourse obligations of that Company However they are issued subject to an option of Eurosail Options Limited, a related party, to acquire the notes for nominal consideration, the post enforcement call option, should any of the notes remain outstanding following enforcement of their rights and realisation of the assets of the Company The Post-Enforcement Call Option may be exercised by Eurosail Options Limited on the date following the enforcement by the Note Trustee of the Issuer Security on which the Note Trustee determines that there are no further assets available to pay amounts due and owing to the Noteholders Noteholders will be bound by the terms of the Post-Enforcement Call Option granted to Eurosail Options Limited and the Noteholders will not be paid more than a nominal amount for that transfer

13. Creditors . amounts falling due after one year (continued)

Interest on the notes is payable quarterly in arrears at the following annual rates for three month deposits

Class A3c Notes	Sterling LIBOR + 0 18%
Class B1a Notes	EURIBOR + 0 28%
Class B1b Notes	USD LIBOR + 0 28%
Class B1c Notes	Sterling LIBOR + 0 3%
Class C1a Notes	EURIBOR + 0 48%
Class C1c Notes	Sterling LIBOR + 0 5%
Class D1a Notes	EURIBOR + 0 95%
Class D1c Notes	Sterling LIBOR + 0 95%
Class E1c Notes	Sterling LIBOR + 3 90%

14. Issued share capital

	2012 £	*2011 £*
Allotted, called up and fully paid		
1 Ordinary share of £1	**1**	*1*

£1 of share capital was issued on incorporation on 17 May 2006 and settled for cash on 17 May 2006

15 Profit and loss account

Group	**Profit and loss account £000**
At 1 December 2011	(3,026)
Profit for the year	2,191
At 30 November 2012	(835)

16. Reconciliation of movement in shareholders' deficit

Group	2012 £000	*2011 £000*
Opening shareholders' deficit	(3,026)	*(9,452)*
Profit for the year	2,191	*6,426*
Closing shareholders' deficit	(835)	*(3,026)*

Company	2012 £000	*2011 £000*
Shareholders' funds at 1 December 2011 and 30 November 2012	-	-

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account

The profit for the year dealt with in the accounts of the company was £NIL *(2011 - £NIL)*

17. Derivatives and other financial instruments

Nature and extent of risks arising from financial instruments

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign exchange risk and liquidity risk Financial instruments used by the Group for risk management purposes include derivative instruments Such instruments are used only for commercial hedging purposes, not for trading or speculative purposes The principal derivative instruments used by the Group in managing its risks are interest rate caps, interest rate swaps and foreign currency swaps The maturity profile of the derivative instruments reflects the nature of exposures arising from underlying business activities All of the Group's derivatives activities are contracted with financial institutions

During the year, the Group recognised net fair value gains of £1,347,000 *(2011 – £1,993,000 loss)* due to the movements in the fair value of derivatives and exchange rate movements on the loan notes

The main risks arising from the Group's financial instruments and management of these risks are summarised below

Credit risk
Credit risk arises primarily from the potential for default in the mortgage loan portfolio Credit risk is managed through the arrears management process which ensures that mortgages going into arrears are quickly identified and closely monitored
The maximum exposure to credit risk is represented by the carrying amount of each financial asset as set out in table (a)

Liquidity risk
The underlying mortgage loan assets are funded by the issue of floating rate loan notes Liquidity risk is managed by matching the timing of the cash receipts from mortgage assets with those of the cash payments due on the loan notes The Group holds a minimum cash balance to manage short-term liquidity requirements

17. Derivatives and other financial instruments (continued)

Nature and extent of risks arising from financial instruments (continued)

Foreign exchange risk
Certain loan notes are issued in Euro denominations and repayments of principal and payments of interest are made in Euros The Group takes out derivative instruments to manage movements in foreign currency exchange rates

Interest rate risk
The Group is exposed to interest rate risk where assets and liabilities have interest rates set under different bases or which reset at different times The Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar Where this is not possible the Group took out derivative financial instruments to manage interest rate mismatches However, the interest rate swap counterparty has filed for Chapter 11 bankruptcy, and has defaulted on the swap which has not been replaced These swaps would otherwise have expired at the end of the mortgage loans fixed rate period which occurred prior to the year end

(a) Credit risk

Before taking account of any collateral, the maximum exposure to credit risk as at 30 November was

	2012 £000	*2011* *£000*
Loan to originator	254,009	*269,418*
Cash at bank and in hand	79,173	*76,074*
Derivative financial instruments	15,276	*18,935*
	348,458	*364,427*

Collateral as mentioned in Note 12 is held against the derivative financial instrument

(b) Liquidity risk

The contractual undiscounted cash flows associated with financial liabilities were as follows

At 30 November 2012

Financial liabilities	Less than 1 year £000	1-2 years £000	2-3 years £000	3-5 years £000	5+ years £000	Total £000
Loan notes	16,434	14,051	13,466	25,275	214,306	283,532

17. Derivatives and other financial instruments (continued)

(b) Liquidity risk (continued)

At 30 November 2011

Financial liabilities	Less than 1 year £000	1-2 years £000	2-3 years £000	3-5 years £000	5+ years £000	Total £000
Loan notes	18,243	14,910	14,329	277,286	-	324,768

There is no contractual obligation to pay down the loan notes other than as set out in note 13

The undiscounted cash flows have been estimated by applying a constant (per annum) prepayment rate to the principal balance of the mortgage loans underlying the loans to originators and using the weighted average interest rate prevailing at the balance sheet date However, it is not expected that the loans will repay at a constant rate until maturity, that all of the loans will prepay at the same rate or that there will be no defaults or delinquencies on the loans, therefore the amounts disclosed above are only estimates of the possible future cash outflows on the loan notes

(c) Foreign currency risk

With the exception of the Loan Notes and loan note interest, as shown below, all financial instruments are denominated in Sterling

	2012 Euro £000	**2012 Sterling £000**	**2012 US Dollar £000**	**2012 Total £000**
Mortgage backed loan notes due 2040	**(81,569)**	**(185,199)**	**(16,914)**	**(283,682)**
Loan note interest	**(122)**	**(535)**	**(22)**	**(679)**
Financial liabilities	**(81,691)**	**(185,734)**	**(16,936)**	**(284,361)**

17. Derivatives and other financial instruments (continued)

(c) Foreign currency risk (continued)

	2011 Euro £000	2011 Sterling £000	2011 £000 US Dollar	2011 Total £000
Mortgage backed loan notes due 2040	(86,047)	(203,556)	(17,261)	(306,864)
Loan note interest	(351)	(682)	(22)	(1,055)
Financial liabilities	(86,398)	(204,238)	(17,283)	(307,919)

A series of currency swaps have been entered into, in order to manage the Company's currency rate exposure in relation to non-Sterling denominated Loan Notes

The Group uses foreign currency swaps in certain circumstances to hedge against any currency exposure risks At 30 November 2012, the notional value of the swaps held was £81,800,000 *(2011 – £81,800,000)* and the recognised positive fair value of the swaps was £15,276,000 *(2011 – £18,935,000 positive)*

All Euro and US Dollar denominated Mortgage Backed Loan Notes due 2042 are hedged by the foreign currency swap described above

17. Derivatives and other financial instruments (continued)

(d) Interest rate risk

The table below summarises the interest rate risk profile of the Group's financial instruments

At 30 November 2012

	Total £000	Total non-interest bearing £000	Within 3 months £000
Financial assets			
Loan to originator	254,009	(5,029)	259,038
Cash and deposits	79,173	-	79,173
Derivative financial instruments	15,276	15,276	-
Total assets	348,458	10,247	338,211
Financial liabilities			
Loan notes due 2040	283,682	16,683	266,999
Liquidity facility provider creditor	60,900	-	60,900
Total liabilities	344,582	16,683	327,899

17 Derivatives and other financial instruments (continued)

(d) Interest rate risk (continued)

At 30 November 2011

	Total	Total non-interest bearing	Within 3 months
	£000	£000	£000
Financial assets			
Loan to originator	269,418	(6,034)	275,452
Cash and deposits	76,074	-	76,074
Derivative financial instruments	18,935	18,935	-
Total assets	364,427	12,901	351,526
Financial liabilities			
Mortgage backed loan notes due 2040	306,864	21,508	285,356
Liquidity facility provider creditor	60,900	-	60,900
Total liabilities	367,764	21,508	346,256

All financial assets and liabilities are subject to variable interest rates

The rates of interest receivable and payable on variable rate financial instruments, with the exception of the loan notes, are set with reference to the London Interbank Offered Rate The rates of interest payable on the loan notes are set as detailed in note 13

The Group used interest rate swaps in certain circumstances to hedge against interest rate fluctuations when mortgage loans have fixed interest rates while the mortgage backed loan notes have variable rates Following the default of the swap counterparty at 30 November 2012, the notional value of the swaps held was £Nil *(2011 – £Nil)* and the recognised positive fair value was £Nil *(2011 – £Nil)* These swaps would otherwise have expired at the end of the mortgage loans fixed rate period which occurred prior to the year end

On 22 September 2009 the Group filed claims of US$17,807,000 against the interest rate swap counterparty arising from the Swap Agreement and against Lehman Brothers Holdings Inc (LBHI) arising from a guarantee given by LBHI unconditionally guaranteeing the obligations of the Swap Counterparty in connection with the Swap Agreement The directors do not currently think that it is possible to quantify amounts that may eventually be recovered under these claims and therefore nothing has been recognised in the financial statements

17. Derivatives and other financial instruments (continued)

(e) Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows

	2012 Book value £000	2012 Fair value £000	2012 1% increase in fair value £000	2011 Book value £000	2011 Fair value £000	2011 1% increase in fair value £000
Financial assets						
Loan to originator	254,009	182,732	1,827	269,418	202,300	2,023
Cash and deposits	79,173	79,173	-	76,074	76,074	-
Derivative financial instruments	15,276	15,276	153	18,935	18,935	189
	348,458	277,181	1,980	364,427	297,309	2,212
Financial liabilities						
Loan notes due 2040	(283,682)	(180,392)	(1,804)	(306,864)	(202,859)	(2,029)
Liquidity facility provider creditor	(60,900)	(60,900)	-	(60,900)	(60,900)	-
	(344,582)	(241,292)	(1,804)	(367,764)	(263,759)	(2,029)

The directors have considered the fair values of the Group's main financial instruments, which are mortgage loan receivables underlying the loans to originators and loan notes

As no liquid market exists for either the mortgage loans underlying the loans to originators or loan notes, the directors have ascribed an approximate fair value based on an internal discounted cash flow model that is used to value non-securitised mortgage loan receivables This model takes into account expected payment rates, arrears, house price movements and discount rates based on the most recent available information

17 Derivatives and other financial instruments (continued)

(f) Interest income and expense on financial instruments that are not at fair value through profit and loss

	2012 £000	*2011* *£000*
Interest receivable on loan to originator	12,309	*13,508*
Interest expense on loan notes	(4,553)	*(4,415)*
Total	7,756	*9,093*

18. Deferred taxation

		Group
	2012 £000	*2011* *£000*
At end of year	215	*494*

The deferred taxation balance is made up as follows

		Group
	2012 £000	*2011* *£000*
Effect of EIR adjustment	58	*48*
Effect of adjustment for Derivatives	3,055	*3,787*
Effect of adjustment for FX revaluation	(3,328)	*(4,329)*
	(215)	*(494)*

Full provision has been made for deferred tax liabilities arising as a result of Financial Reporting Standard No 26 adjustments Losses of £26,129,000 *(2011 – £27,205,000)* resulting in a deferred tax asset of £5,226,000 *(2011 – £5,441,000)* have not been recognised The deferred tax asset has not been recognised due to uncertainty surrounding the Group's future profitability

Deferred taxation has been recognised at 20% *(2011 – 20%)* being the UK small companies' corporation tax rate at the balance sheet date

19. Net cash flow from operating activities

	2012 £000	*2011 £000*
Operating profit	**1,123**	*8,009*
Net fair value loss on derivative	**(3,659)**	*34*
Decrease/(increase) in debtors	**3,891**	*(300)*
Interest receivable and similar income	**(13,829)**	*(15,899)*
Increase in creditors	**4,673**	*530*
Interest payable and similar charges	**5,510**	*5,429*
Provision for mortgage losses	**(316)**	*(595)*
Mortgage losses	**1,687**	*2,294*
EIR adjustment	**47**	*(77)*
Net cash outflow from operating activities	**(873)**	*(575)*

20. Analysis of cash flows for headings netted in cash flow statement

	2012 £000	*2011 £000*
Returns on investments and servicing of finance		
Interest on mortgage loans	**12,291**	*13,661*
Interest on mortgage backed loan notes	**(4,748)**	*(4,342)*
Other interest received	**516**	*277*
Other interest paid	**(821)**	*(645)*
Net cash inflow from returns on investments and servicing of finance	**7,238**	*8,951*

	2012 £000	*2011 £000*
Capital expenditure and financial investment		
Proceeds from mortgage loans	**15,091**	*16,978*

	2012 £000	*2011 £000*
Financing		
Repayment of mortgage backed loan notes	**(18,357)**	*(19,616)*

21 Analysis of changes in net debt

	1 December 2011 £000	Cash flow £000	Other non-cash changes £000	30 November 2012 £000
Cash at bank and in hand	76,074	3,099	-	79,173
Debt				
Mortgage backed loan notes	(306,052)	18,357	4,690	(283,005)
Net debt	(229,978)	21,456	4,690	(203,832)

22. Related party transactions

During the year, Marble Arch Residential Securitisation No 4 plc has paid the following amounts to MARS 4 Residual Financing Limited, Southern Pacific Mortgage Limited and Wilmington Trust SP Services (London) Limited and the amounts outstanding at the end of the year were

	Amount charged 2012 £000	Amount outstanding 2012 £000	*Amount charged 2011 £000*	*Amount outstanding 2011 £000*
Southern Pacific Mortgage Limited				
Mortgage related amounts receivable	-	10	-	*10*
Wilmington Trust SP Services (London) Limited				
Corporate services fees	8	-	*8*	-
Company secretarial fees	4	-	*4*	-
MARS 4 Residual Financing Limited				
Residual income – redemption penalties	74	17	*62*	*16*
A note detachable coupons	-	-	-	-
Total	86	27	*74*	*26*

23. Capital structure

The Company's capital is represented by the capital and reserves attributable to equity holders The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006, with which it complies The Company manages its ordinary share capital in order that there is sufficient capital to meet the needs of the Company in its operation

24. Parent undertaking and control

The entire issued share capital of Marble Arch Residential Securitisation No 4 Parent Limited is held by a Trustee under a declaration of trust for charitable purposes

Marble Arch Residential Securitisation No 4 Parent Limited is included in the financial statements of Southern Pacific Mortgage Limited, a company registered in England and Wales under linked presentation Financial statements of this group is available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ