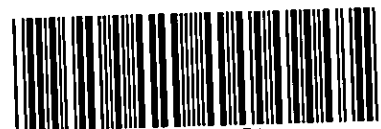


COLSTON NO. 2 PARENT LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

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COLSTON NO. 2 PARENT LIMITED

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COLSTON NO. 2 PARENT LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2008

Board of Directors at 31 December 2008

David John Pudge	(Appointed on Incorporation, resigned 06 May 2008)
Adrian Levy	(Appointed on Incorporation, resigned 06 May 2008)
Capita Trust Corporate Limited	(Appointed 06 May 2008)
Capita Trust Corporate Services Limited	(Appointed 06 May 2008)
David Ross Baker	(Appointed 07 October 2008)

Secretary and Registered Office

Clifford Chance Secretaries Limited	(Appointed on Incorporation, resigned 06 May 2008)
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Capita Trust Secretaries Limited	(Appointed 06 May 2008)
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7th floor

Phoenix House

18 King William Street

London EC4N 7HE

Registered Number 6569576

Date of Incorporation: 17 April 2008

Independent Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol BS1 5QD

COLSTON NO. 2 PARENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2008

The Directors present their first report and the audited financial statements for Colston No. 2 Parent Limited ("the Company") for the period 17 April 2008 to 31 December 2008.

The choice of accounting reference date is to align with that of the related party, The Governor and Company of the Bank of Ireland ("Bank of Ireland").

Principal activity

The Company's principal activity is to hold shares in Colston No. 2 plc. The principal activity of Colston No. 2 plc is the management of a portfolio of mortgage loans and the collection of payments of principal and interest on them, funded primarily by the issuance of debt securities in the form of floating rate notes ("Notes") to Bank of Ireland. All activities relate to residential mortgages in the United Kingdom, where both the Company and Colston No. 2 plc are incorporated and domiciled.

Business review and future developments

The Company did not engage in any material activity other than changing its name from Beccleglade Limited to Colston No. 2 Limited on 06 May 2008.

The Company has not traded during the period. As a result no key performance indicator analysis is considered necessary.

Subsequent events

The Directors consider that subsequent events in the global and UK economies will not have a material effect on the Company.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors and their interests

Directors who served in office during the period are stated on page 2.

During the period, no Director held any interest in the shares of the Company. There is no requirement for the Directors to disclose their interest in shares in, or debentures of, any body corporate incorporated outside of Great Britain.

During the period, no Director or connected person had any interest in any contract of significance with the Company.

COLSTON NO. 2 PARENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2008

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. The Directors are required to prepare the 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 in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2008 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which 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.

Audit confirmation

All Directors at the time of approving this report, confirm the following:

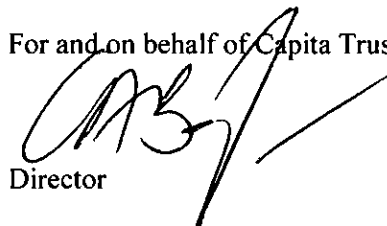
- (a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) each Director has taken all the steps he ought to have taken as a Director, in order to make himself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, were appointed at a Directors' meeting on 02 May 2008 and a resolution concerning their reappointment will be proposed at the next annual general meeting.

By order of the Board

For and on behalf of Capita Trust Corporate Limited



Director

22 April 2009

COLSTON NO. 2 PARENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLSTON NO. 2 PARENT LIMITED

We have audited the financial statements of Colston No. 2 Parent Limited for the period ended 31 December 2008 which comprise the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

COLSTON NO. 2 PARENT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLSTON NO. 2 PARENT
LIMITED(CONTINUED)**

FOR THE PERIOD ENDED 31 DECEMBER 2008

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 December 2008 and its cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

22 April 2009

COLSTON NO. 2 PARENT LIMITED

BALANCE SHEET

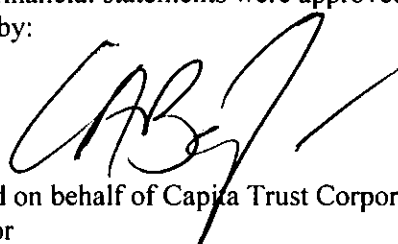
FOR THE PERIOD ENDED 31 DECEMBER 2008

	Notes	31 December 2008 £
Assets		
Investments	4	50,000
Cash and cash equivalents		2
Total assets		<u>50,002</u>
Equity and liabilities		
Term loan	5	12,502
Trade and other payables	5	<u>37,498</u>
Total non-current liabilities		<u>50,000</u>
Equity		
Called up share capital	6	2
Total shareholders' equity		<u>2</u>
Total equity and liabilities		<u>50,002</u>

The Company did not trade in the period and therefore no movements were reported in the profit and loss account. The closing balance on the cumulative profit and loss account is £nil.

The notes on pages 10 to 12 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 22 April 2009 and signed on its behalf by:



For and on behalf of Capita Trust Corporate Limited
Director

22 April 2009

COLSTON NO. 2 PARENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company	
	Ordinary share capital	Total
	£	£
Balance as at 17 April 2008	-	-
Issue of new ordinary shares	2	2
Balance as at 31 December 2008	<hr/> 2	<hr/> 2
Retained profit for the period ended 31 December 2008	-	-
Total recognised changes in equity	<hr/> -	<hr/> -
Balance as at 31 December 2008	<hr/> 2	<hr/> 2
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 12 are an integral part of these financial statements.

COLSTON NO. 2 PARENT LIMITED**CASH FLOW STATEMENT****FOR THE PERIOD ENDED 31 DECEMBER 2008**

	Notes	Period from incorporation to 31 December 2008 £
Cash flows from investing activities		
Acquisition of shares in subsidiary undertaking		(12,502)
Net cash used in investing activities		<u>(12,502)</u>
Cash flows from financing activities		
Issuance of share capital	6	2
Increase in term borrowings	5	12,502
Net cash generated from financing activities		<u>12,504</u>
Net increase in cash and cash equivalents		2
Cash and cash equivalents at beginning of the period		
Cash and cash equivalents at end of the period		<u><u>2</u></u>

The notes on pages 10 to 12 are an integral part of these financial statements.

COLSTON NO. 2 PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2008

1. Accounting policies

General information

The Company is a limited liability company incorporated and domiciled in United Kingdom. The address of its registered office is 7th Floor, Phoenix House, 18 King William Street, London, EC4N 7HE.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared under the historical cost convention and on the going concern basis.

The choice of accounting reference date is to align with that of the ultimate parent undertaking, The Governor and Company of the Bank of Ireland ("Bank of Ireland"). The current period financial statements therefore provide results of the Company for the eight month period ended 31 December 2008.

The Company's profit and loss account has not been included in these financial statements on the basis that the Company did not trade in the period and consequently made neither a profit nor a loss.

These financial statements are prepared as 'separate' financial statements in accordance with Section 226 of the Companies Act 1985 since the Company did not have any subsidiaries at 31 December 2008. The Company holds 99.9% of the share capital of Colston No. 2 plc. However since that entity is controlled by The Governor and Company of the Bank of Ireland, it is not a subsidiary of the Company.

Investments

Investments are accounted for at cost.

Cash and cash equivalents

Cash and cash equivalents comprise balances with banks which can be withdrawn on demand.

2. Directors and employees

The Directors received no remuneration and there were no employees during the period.

3. Auditors' remuneration

Auditors' remuneration has been borne by Colston No. 2 plc.

COLSTON NO. 2 PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2008

4. Investments

	31 December 2008 £
Cost	
Investment in shares	<u>50,000</u>

Investment in shares represents the Company's shareholding in Colston No. 2 plc, whose registered office is 7th floor, Phoenix House, 18 King William Street, London, EC4N 7HE.

The Company has a 99.9% shareholding in Colston No. 2 plc. The remaining ordinary share is held by the Company's parent company Capita Trust Nominees No. 1 Limited as nominee of the Company under the terms of a share trust dated May 2008. Colston No. 2 plc is controlled by The Governor and Company of the Bank of Ireland, and therefore it is not a subsidiary of the Company.

Colston No. 2 plc's results are included within the consolidated financial statements of The Governor and Company of the Bank of Ireland, a company incorporated by Royal Charter and registered in the Republic of Ireland. Copies of the consolidated financial statements can be obtained from Bank of Ireland's Head Office in Lower Baggot Street, Dublin 2.

5. Non-current liabilities: Trade and other payables

	31 December 2008 £
Other long-term loan	12,502
Share capital subscribed to but not paid	<u>37,498</u>
	<u>50,000</u>

The term loan is with the Trustee Company – Capita Trust Nominee No. 1 Limited. Interest is due annually at the rate of LIBOR + 2%. Under the terms of the loan agreement the Company is only obliged to pay amounts owing to Capita Trust Nominee No. 1 Limited to the extent of the sums received or recovered from Colston No. 2 plc. There is no fixed repayment date.

Share capital subscribed to but not paid represents the amount still owed as at 31 December 2008 to Colston No. 2 plc in respect of the 49,998 partly paid up £1 shares. 75p per share remains unpaid at the period end. The outstanding amount is not expected to be paid within 12 months of the balance sheet date.

COLSTON NO. 2 PARENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2008

6. Share capital

	31 December 2008 £
Authorised Equity shares	
100 Ordinary shares of £1.00 each	<u>100</u>
 Allotted, issued and fully paid Equity shares	
Ordinary share of £1.00	<u>2</u>

7. Related parties

The Directors consider that the Company is related to its ultimate parent The Governor and Company of the Bank of Ireland, and to Capita Trust Nominees No. 1 Limited.

At the balance sheet date there were no amounts due from or owed by the Company to The Governor and Company of the Bank of Ireland.

The entire issued share capital of the Company is held by Capita Trust Nominees No. 1 Limited under the terms of a trust established under English law by a declaration of trust dated 15 May 2008 for the benefit of certain charitable purposes.

At the balance sheet date the Company has a term loan outstanding for £12,502 with Capita Trust Nominees No. 1 Limited. Interest is due annually starting 30th June 2009 at the rate of LIBOR + 2%, but only to the extent of sums received by the Company from Colston No. 2 plc. These sums are expected to be nil. There is no fixed repayment date.

8. Parent companies

The entire share capital of the Company is held by Capita Trust Nominees No. 1 Limited, a company incorporated in the United Kingdom that holds its shares in Colston No. 2 Parent Limited on a discretionary trust basis for certain charitable purposes.

For accounting purposes, the Company's ultimate parent and controlling party is The Governor and Company of the Bank of Ireland. Following the securitisation issue by Colston No. 2 plc on 15 June 2008, effective control of the Company and Colston No. 2 plc passed to The Governor and Company of the Bank of Ireland on that date.

Under International Financial Reporting Standards the results of the Company and Colston No. 2 plc are included in the consolidated financial statements of the Bank of Ireland Group. These can be obtained from Bank of Ireland's Head Office in Lower Baggot Street, Dublin 2.