

SCOTTISH PROVIDENT PENSION TRUSTEES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

Registered No. 2404622



Scottish Provident Pension Trustees Limited

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2005.

Principal activity

The Company acts as trustee of certain pension and life assurance schemes.

Results for the year

The results are shown in the Income Statement on Page 4.

Dividend

The Directors do not recommend the payment of a dividend (2004 nil).

Going concern

The Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The financial statements therefore continue to be prepared on a going concern basis.

Directors and their interests

The Directors who served during the year were:

R E Clark
K Luscombe
D Ramsay

No Director of the Company has any interest in the shares of the Company, or of other Group Companies incorporated in the United Kingdom.

Statement of directors' responsibilities

The Directors are responsible for preparing their report and financial statements. The Directors have chosen to prepare financial statements 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 financial statements 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.

Scottish Provident Pension Trustees Limited

Directors' Report continued

Statement of directors' responsibilities continued

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 complies 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.

Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Deloitte & Touche LLP are deemed to have been reappointed as auditors of the Company.

By Order of the Board

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a long, sweeping horizontal line that curves upwards at the end.

For and on behalf of
Abbey National Secretariat Services Limited
Secretary

20 February 2006

Registered Office Address: Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN

Scottish Provident Pension Trustees Limited

Independent Auditors' Report to the Members of Scottish Provident Pension Trustees Limited

We have audited the individual company financial statements (the "financial statements") of Scottish Provident Pension Trustees Limited for the year ended 31 December 2005 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement 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 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, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report and the other information contained in the annual report and 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, 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 IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2005 and of its result for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Glasgow
United Kingdom

22 February 2006

Scottish Provident Pension Trustees Limited

Income Statement for the year ended 31 December 2005

	Notes	2005 £	2004 £
Revenue	1	235,444	33,611
Administrative expenses	2	(241,815)	(36,610)
Interest income		<u>6,371</u>	<u>2,999</u>
PROFIT BEFORE TAX		-	-
Tax		<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR attributable to equity holders of the parent		<u>-</u>	<u>-</u>

All the activities of the Company are classed as discontinued.

Scottish Provident Pension Trustees Limited

Balance sheet at 31 December 2005

	Note	2005 £	2004 £
CURRENT ASSETS			
Trade and other receivables	3	21,911	28,942
Cash and cash equivalents	4	<u>208,928</u>	<u>80,384</u>
		230,839	109,326
CURRENT LIABILITIES			
Trade and other payables	5	<u>(230,739)</u>	<u>(109,226)</u>
NET ASSETS		<u>100</u>	<u>100</u>
EQUITY			
Share capital	6	100	100
Retained Earnings		<u>-</u>	<u>-</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>100</u>	<u>100</u>

These financial statements were approved by the Board of Directors and authorised for issue on 20 February 2006 and were signed on its behalf by:



Kerr Luscombe
Director

Scottish Provident Pension Trustees Limited

Statement of Changes in Equity for the year ended 31 December 2005

	Share capital £	Retained Earnings £	Total £
Balance at 1 January 2004	100	-	100
Profit for the period	-	-	-
Balance at 31 December 2004	<u>100</u>	<u>-</u>	<u>100</u>
Balance at 1 January 2005	100	-	100
Profit for the period	-	-	-
Balance at 31 December 2005	<u>100</u>	<u>-</u>	<u>100</u>

Scottish Provident Pension Trustees Limited

Cash Flow Statement for the year ended 31 December 2005

	Notes	2005 £	2004 £
OPERATING ACTIVITIES			
Profit after tax		-	-
Adjustments for:			
Interest income		(6,371)	(2,999)
Increase in bad debt provision		161,315	7,007
Operating cash flows before movements in working capital		154,944	4,008
Changes in operating assets and liabilities:			
Trade and other receivables		(152,527)	(13,313)
Trade and other payables		121,513	36,598
Net cash flow from operating activities		123,930	27,293
INVESTING ACTIVITIES			
Interest received		4,614	35
Net cash flow from investing activities		4,614	35
Net increase in cash and cash equivalents		128,544	27,328
Cash and cash equivalents at beginning of year		80,384	53,056
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	208,928	80,384

Scottish Provident Pension Trustees Limited

Notes to the Financial Statements

1. Accounting policies

Adoption of International Accounting Standards

The Financial Statements have for the first time, been prepared in accordance with International Financial Reporting Standards "IFRS" adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The date of transition to IFRS for the Company and the date of its opening IFRS balance sheet was 1 January 2004. 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. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

Scottish Provident Pension Trustees Limited financial statements have been prepared in accordance with IFRS as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

Revenue recognition

Revenue represents invoiced amounts (excluding VAT) derived from the provision of services to small self-administered schemes, net of credit notes issued.

Interest income is accrued when due by reference to the principal outstanding and prevailing interest rates.

Income taxes, including deferred income taxes

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short term investments in securities.

Financial risk factors

Risk management is carried out by the central risk management function of the Abbey Group. Authority flows from the Abbey National plc Board of Directors to the Chief Executive Office and from him to his direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management or oversight. Their authority is derived from the person they are intended to assist.

The Company's activities expose it primarily to credit risk. The Company has no significant concentrations of credit risk. Cash is placed with high-credit-quality financial institutions.

Scottish Provident Pension Trustees Limited

Notes to the Financial Statements (continued)

2. Administrative expenses

The Company has no employees.

The Company paid no emoluments to the Directors during the year.

The remuneration of auditors for the period was £500 (2004: £500) for audit services and these costs have been met by the Company's parent, Scottish Provident Limited.

3. Trade and other receivables

	2005 £	2004 £
Trade receivables	258,380	105,853
Provision for bad debts	(241,356)	(80,041)
Prepayments	4,887	3,130
	<u>21,911</u>	<u>28,942</u>

4. Cash and cash equivalents

Cash includes £208,928 held in accounts with Abbey National plc (2004: £80,284).

5. Trade and other payables

	2005 £	2004 £
Amounts owed to group undertakings	156,358	108,545
Trade payables	74,381	681
	<u>230,739</u>	<u>109,226</u>

Amounts due to other companies in the Abbey National plc group carry no fixed terms of repayment and are non-interest bearing.

6. Share capital

	2005 £	2004 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The ordinary shareholders are entitled to any residual assets in the winding up of the Company.

Scottish Provident Pension Trustees Limited

Notes to the Financial Statements (continued)

7. Related party transactions

Related Party	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	2005	2004	2005	2004	2005	2004	2005	2004
	£	£	£	£	£	£	£	£
Immediate parent company	-	-	161,258	30,034	-	6,788	154,470	-
UK ultimate parent company	6,371	2,999	-	-	208,928	80,384	-	-
Other related parties	-	-	-	-	-	-	1,887	115,333

Income from and balances due from the Company's ultimate UK parent relate to the company's bank account as set out at note 4. Expenses to and balances due to the immediate parent company relate to management charges during the year. Balances due to other related parties occur in the normal course of business and have no fixed terms of repayment.

8. Fixed charge

In January 2006 a mortgage and fixed charge over a property asset of a pension scheme to which the Company acts as trustee, together with any related insurance or other contractual benefits that might accrue to the Company, was registered in favour of a third party credit institution.

9. Parent undertaking and controlling party

Scottish Provident Pension Trustees Limited is incorporated in England & Wales and its immediate parent company is Scottish Provident Limited.

The Company's ultimate parent undertaking and 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 financial statements are drawn up and of which the Company is a member. Abbey National plc is the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

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