

PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

Registered Number 3817410

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005



PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2005

Business review

The Company acts as a holdings company. No change in the Company's activity is anticipated.

Results and dividends

The results for the year, after taxation, amounted to £nil (2004: £nil). The Directors do not propose to pay a dividend (2004: £nil).

Directors

The directors who served during the year were as follows:

S P de Albuquerque
T G Thorp

Directors' interests

None of the directors had, as at 31 December 2005, any interests in the shares of the Company or in the securities of any other company in the group of which it is a member, required to be disclosed under the Companies Act 1985.

Supplier payment policy

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from: The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

It is Company practice to organise payment to its suppliers through a central purchasing unit operated by HSBC Bank plc. The payment performance of this unit is incorporated within the results of that company.

PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities in relation to financial statements

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 UK Accounting Standards.

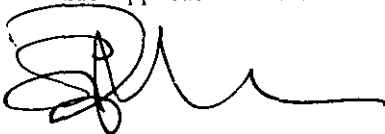
The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that [period/year].

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



S P de Albuquerque

20 July 2006

Registered Office:
8 Canada Square
London
E14 5HQ

PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

We have audited the financial statements of Paternoster Securitisations Holdings Limited for the year ended 31 December 2005 which comprise Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's 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 described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its results for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y8BB
United Kingdom

20 July 2006

PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2005

During the current and previous financial year, the company did not trade and received no income and incurred no expenditure. Consequently, during the year, the company made neither a profit nor a loss.

BALANCE SHEET at 31 December 2005

	Notes	2005 £	2004 £
Fixed Assets			
Investments in subsidiary undertakings	5	12,503	12,503
Current assets			
Debtors	6	14,103	14,103
Creditors: amounts falling due within one year			
Amounts due to group undertakings		(12,503)	(12,503)
Net current assets		1,600	1,600
Net assets		14,103	14,103
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	14,102	14,102
Equity shareholders' funds		14,103	14,103

The Financial Statements on pages 4 to 6 were approved by the Board of Directors on 20 July 2006, and signed on its behalf by:-



T G Thorp
Director

PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

1. Accounting policies

(a) *Basis of preparation and comparatives*

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable to the United Kingdom. The principal accounting policies of the Company are set out below and have remained unchanged from the previous year.

(b) *Cash Flow Statement*

These financial statements do not contain a Cash Flow Statement by virtue of the exemptions available to the Company under paragraph 5(a) of Financial Reporting Standard No. 1 "Cash Flow Statement (Revised 1996)", as the Company's financial statements are included in the consolidated financial statements of its ultimate parent company, which are publicly available.

(c) *Segmental reporting*

In the opinion of the Directors no segmental analysis of financial performance is required because the Company operates in one business segment and only in the United Kingdom.

2. Investments

Investments in subsidiary undertakings are carried at cost less provisions for impairment in value. The Company is a subsidiary undertaking of HSBC Holdings plc. In accordance with the exemption available under Section 228 (1)(a) of the Companies Act 1985, the Company has not prepared consolidated financial statements.

3. Directors' emoluments

The Director's emoluments are borne by a fellow subsidiary undertaking. It is not practicable to allocate costs to Paternoster Securitisations Holdings Limited for the services performed by the Directors in relation to the Company.

4. Employees

The Company had no employees during the current and previous years.

5. Investments in subsidiary undertakings

Cost

£

At 31 December 2004 and 31 December 2005

12,503

The Company holds the following shares in subsidiary undertakings, both which are registered and incorporated in the United Kingdom:

Paternoster Securitisation No 1 plc
Paternoster Securitisations Options Limited

100% ordinary share capital
100% ordinary share capital

6. Debtors

2005
£

2004
£

Amount due from group undertakings

14,103

14,103

PATERNOSTER SECURITISATIONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2005

7.	Called up share capital	2004	2003
		£	£

Authorised, allotted, called up and fully paid
1 ordinary share of £1

1	1
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The share capital is held by Royal Exchange Trust Company Limited under a declaration of trust established for charitable purposes.

8.	Profit and loss account	2005
		£

At 1 January **14,102**
Result for the year **-**

At 31 December **14,102**

9. **Related party transactions**

Under the terms of Financial Reporting Standard No. 8, Related Party Disclosures, the Company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the Company is included are publicly available.

10. **Parent undertakings**

The Company's immediate parent company is Charterhouse Property Finance Limited, which is incorporated in England and Wales.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 'Related Party Disclosures' (FRS 8) is HSBC Holdings plc, which is incorporated in England and Wales.

The smallest and largest group in which the financial statements of the Company are consolidated is HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 8 Canada Square, London E14 5HQ.