Registered number: 05894183

EUROSAIL 2006-4 NP PARENT LIMITED

Annual report and financial statements

for the year ended 30 November 2013

EUROSAIL 2006-4 NP PARENT LIMITED

Company Information

Directors	M H Filer J Traynor Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Registered number	05894183
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

EUROSAIL 2006-4 NP PARENT LIMITED

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Group strategic report
for the year ended 30 November 2013

Introduction

On 27 November 2006 the Group purchased £744,999,000 of mortgages from Southern Pacific Mortgage Limited and Preferred Mortgages Limited. Further consideration may be payable to Southern Pacific Mortgage Limited and Preferred Mortgages Limited dependent on future performance of the mortgages. The acquisition of these mortgage assets has been accounted for as loans to originators as detailed in note 1 of the financial statements. To facilitate the purchase, the Group issued a series of loan notes on 27 November 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 an external party.

Business review

The results for the year ended 30 November 2013 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 an operating profit for the year after Financial Reporting Standard No 26 adjustments, which include the recognition of interest income on mortgage loan assets underlying the loan to originator on an Effective Interest Rate (EIR) basis. 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 the Director's report.

On 22 September 2009 the Group filed claims of US$1,637,000 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.

	2013 £000	2012 £000
Unrealised exchange (loss)/gain on loan liabilities	(2,308)	12,185
Net fair value gain/(loss) on derivatives	2,631	(5,981)
EIR adjustment	(753)	(900)
	(430)	5,304

At the year end the loans to originators balance after the Effective Interest Rate Adjustment, specific provisions and unamortised discounts and premiums on acquisition, was £268,060 (2012 – £285,738,000). At the December 2013 Interest Payment Date the originators held the following mortgage loans underlying the loans to originators, excluding the Effective Interest Rate Adjustment:

	Principal balance £000	Number of Loans
First Mortgages	267,927	2,923

These mortgages provide security against loan notes in issue totalling £142,638,000 and €184,725,000 as at the December 2013 Interest Payment date.

Business review (continued)

The mortgage loans exhibited the following quarterly arrears profile:

Delinquencies days - (excluding repossessions)	Q1 %	Q2 %	Q3 %	Q4 %
Current	80.90	81.43	80.76	81.56
>30<=60	3.40	3.52	4.51	4.19
>60<=90	3.33	3.26	2.84	2.61
>90<=120	2.32	2.16	2.34	1.72
>120	10.05	9.63	9.55	9.92
Total	100.00	100.00	100.00	100.00

At the March 2014 Interest Payment Date following year end, the mortgage assets underlying the loans to originators balance, was £261,378,000, 12.28% 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 provisions recorded as at the year end.

The performance of the mortgage loans during the year to 30 November 2013 enabled deferred consideration of £3,598,000 (2012 – £2,920,000) to be paid to the current holder of the rights to the residual cash flows of the securitisation.

Principal risks and uncertainties

(a) Financial instrument risk

The financial instruments held by the Group comprise mortgage assets, underlying the loans to originators, 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 loans to originators 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 collateralised non-recourse loans to the originators 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 has either been mitigated by the payment of cash collateral to the Group or is recognised by showing the derivative financial instruments in the balance sheet net of a credit valuation adjustment.

Principal risks and uncertainties (continued)

(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 swap. The swap agreement has not been replaced. The directors believe under current circumstances that it is not viable to replace the swap as there is no material 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 loans to originators 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.

This report was approved by the board on 11 JUN 2014 and signed on its behalf.

Mignon Clarke
Authorised Signatory

Wilmington Trust SP Services (London) Limited

Directors' report
for the year ended 30 November 2013

The directors present their report and the audited consolidated financial statements for the year ended 30 November 2013.

Results and dividends

The profit for the year, after taxation, amounted to £596,000 *(2012 - £6,150,000)*.

The directors do not recommend the payment of a dividend for the year *(2012 – £Nil)*.

Directors

The directors who served during the year were:

M H Filer
J Traynor
Wilmington Trust SP Services (London) Limited

Going concern

As described in the Strategic review, the Group has reported an operating profit for the year. The Group is also in a net asset position as at 30 November 2013.

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 loans to originators 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 loans to originators, and loan notes. The directors noted that as at 30 November 2013 the respective fair values of the mortgage assets underlying the loans to originators, 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.

Future developments

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

Directors' report
for the year ended 30 November 2013

Corporate governance

The Directors are responsible for internal control in Eurosail 2006-4 NP 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 Eurosail 2006-4 NP Parent Limited to comply with the relevant regulatory obligations.

Disclosure 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 the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken to make himself aware of any relevant audit information 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 reappointment in accordance with section 485 of the Companies Act 2006.

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

Mignon Clarke
Authorised Signatory

Director Wilmington Trust SP Services (London) Limited

Date: 11 JUN 2014

Directors' responsibilities statement
for the year ended 30 November 2013

The directors are responsible for preparing the Group strategic report, 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 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 accounting 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 Eurosail 2006-4 NP Parent Limited

We have audited the financial statements of Eurosail 2006-4 NP Parent Limited for the year ended 30 November 2013, 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 Directors' responsibilities statement, 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 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 Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 the parent company's affairs as at 30 November 2013 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 Group strategic report and 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 Eurosail 2006-4 NP 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: 12 JUNE 2014

Consolidated profit and loss account
for the year ended 30 November 2013

	Note	2013 £000	*2012* *£000*
Interest receivable and similar income	2	**7,947**	*9,658*
Interest payable and similar charges	3	**(3,175)**	*(4,812)*
Net interest receivable		**4,772**	*4,846*
Operating expenses		**(4,591)**	*(3,854)*
Other operating income	4	**6**	*15*
		187	*1,007*
Net fair value gain/(loss)on derivatives		**2,631**	*(5,981)*
Unrealised exchange (loss)/gain on loan liabilities		**(2,308)**	*12,185*
Profit on ordinary activities before taxation	5	**510**	*7,211*
Tax on profit on ordinary activities	6	**86**	*(1,061)*
Profit for the financial year after taxation		**596**	*6,150*

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

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

**Consolidated balance sheet
as at 30 November 2013**

	Note	£000	2013 £000	*£000*	*2012 £000*
Fixed assets					
Loans to originators - net	9		**268,060**		*285,738*
Current assets					
Debtors: amounts falling due after more than one year	11	**30,099**		*27,468*	
Debtors: amounts falling due within one year	11	**138**		*161*	
Cash at bank		**84,743**		*81,817*	
		114,980		*109,446*	
Creditors: amounts falling due within one year	12	**(78,213)**		*(74,869)*	
Net current assets			**36,767**		*34,577*
Total assets less current liabilities			**304,827**		*320,315*
Creditors: amounts falling due after more than one year	13		**(300,818)**		*(316,816)*
Provisions for liabilities					
Deferred tax	18		**(806)**		*(892)*
Net assets			**3,203**		*2,607*
Capital and reserves					
Issued share capital	14		**-**		*-*
Profit and loss account	15		**3,203**		*2,607*
Shareholders' funds	16		**3,203**		*2,607*

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

Mignon Clarke
Authorised Signatory
Director Wilmington Trust SP Services (London) Limited

Date: 11 JUN 2014

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

Company balance sheet
as at 30 November 2013

	Note	2013 £000	*2012 £000*
Fixed assets			
Investments	8	**13**	*13*
Creditors: amounts falling due within one year	12	**(13)**	*(13)*
Net assets		-	-
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

Mignon Clarke
Authorised Signatory

Director **Wilmington Trust SP Services** (London) Limited
11 JUN 2014

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

Consolidated cash flow statement for the year ended 30 November 2013

	Note	2013 £000	*2012 £000*
Net cash flow from operating activities	19	**(1,682)**	*26,546*
Returns on investments and servicing of finance	20	**5,123**	*5,503*
Capital expenditure and financial investment	20	**17,886**	*21,761*
Cash inflow before financing		**21,327**	*53,810*
Financing	20	**(18,401)**	*(25,006)*
Increase in cash in the year		**2,926**	*28,804*

Reconciliation of net cash flow to movement in net funds/debt for the year ended 30 November 2013

	2013 £000	*2012 £000*
Increase in cash in the year	**2,926**	*28,804*
Cash outflow from decrease in debt	**18,401**	*25,006*
Change in net debt resulting from cash flows	**21,327**	*53,810*
Unrealised exchange (loss)/gain on loan notes	**(2,268)**	*11,741*
Amortisation of capitalised issue costs	**(135)**	*(135)*
Movement in net debt in the year	**18,924**	*65,416*
Net debt at 1 December 2012	**(234,999)**	*(300,415)*
Net debt at 30 November 2013	**(216,075)**	*(234,999)*

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

Notes to the financial statements
for the year ended 30 November 2013

1. Accounting policies

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

1.1 Basis of preparation

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 Company and all its subsidiaries for the year ended 30 November 2013. All the subsidiaries are accounted for using acquisition accounting.

In accordance with section 408 (4) of the Companies Act 2006, Eurosail 2006-4 NP Parent Limited is exempt from the requirement to present its own profit and loss account. The result for the year of Eurosail 2006-4 NP Parent Limited is disclosed in note 16 to the financial statements.

1.3 Income recognition

Interest income on mortgage loan assets underlying the loans to originators 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 Loans to originators

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 portfolios transferred to the Group, derecognition is considered to be inappropriate for the portfolio sellers' or originators' (Southern Pacific Mortgage Limited and Preferred Mortgages Limited) own financial statements as the originators have 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 collateralised non-recourse loans to the originators.

The loans to originators are 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 loans to the originators are 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)

Loans to originators (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 loans to originators 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 loans to originators 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 loans to originators

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 Group 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 loans to originators

Cash received from the originators on acquisition of the mortgage assets underlying the loans to originators to cover start up costs are amortised over the expected life of the mortgage assets. The amortised balance is deducted from the loans to originators 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 and Preferred Mortgages Limited. The payment of these amounts is conditional on the performance of the mortgages underlying the loans to originators.

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 exchange gains or losses on revaluation of foreign currency liabilities and any Financial Reporting Standard No. 26 adjustments which may include 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 and Preferred Mortgages Limited retain an interest in the cash flows and profits of Eurosail 2006-4 NC plc, a wholly owned subsidiary of Eurosail 2006-4 NC Parent Limited. Accordingly Southern Pacific Mortgage Limited and Preferred Mortgages Limited, whilst having no direct investment in the Group, are treated as related parties.

1.16 Turnover

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

2. Interest receivable and similar income

	2013 £000	*2012 £000*
On loans to originators	7,024	*8,521*
Other interest	65	*279*
Amortisation of discount on purchase of mortgage assets underlying the loans to originators	858	*858*
	7,947	*9,658*

3. Interest payable and similar charges

	2013 £000	*2012 £000*
Loan notes	2,312	*3,783*
Other interest	679	*845*
Amortisation of capitalised issue costs	135	*135*
Amortisation of premium paid to mortgage loan originators	49	*49*
	3,175	*4,812*

4. Other operating income

	2013 £000	*2012 £000*
Redemption fees	6	*15*

5. Profit on ordinary activities before taxation

The operating profit is stated after charging/(crediting):

	2013 £000	*2012* *£000*
Auditors' remuneration - audit services - Group	17	*16*
Other fees to auditors - taxation services - Group	-	*10*
Adjustment to the expected cash flows of the loans to originators arising from the impairment of the underlying mortgages	(378)	*(1,709)*
Adjustment to the expected cash flows of the loans to originators arising from bad debts incurred on the underlying mortgages	226	*1,593*
Deferred consideration	3,588	*2,920*
Auditors' remuneration - for audit services - Company	6	*6*
Other fees to auditors - taxation services - Company	-	*1*

Auditors other services includes £Nil for corporation tax compliance work *(2012 - £10,000).*

Auditors' remuneration - audit services of £6,100 *(2012 – £5,900)* and other fees to auditors - corporation tax compliance services of £Nil *(2012 – £1,000)* for the company, were borne by the subsidiary.

6. Taxation

	2013 £000	*2012* *£000*
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	-
Deferred tax (see note 18)		
Origination and reversal of timing differences	(86)	*1,061*
Tax on profit on ordinary activities	(86)	*1,061*

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2012 - lower than)* the standard rate of corporation tax in the UK of 20% *(2012 - 20%)*. The differences are explained below:

	2013 £000	*2012* *£000*
Profit on ordinary activities before tax	**510**	*7,211*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% *(2012 - 20%)*	**102**	*1,442*
Effects of:		
Utilisation of tax losses	**(188)**	*(381)*
Short term timing difference leading to an increase/(decrease) in taxation	**86**	*(1,061)*
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 *(2012 - £NIL)*.

8. Investments

Company	2013 £000	*2012 £000*
Shares in group undertakings	**13**	*13*

The undertakings in which the Company's interest at 30 November 2013 is more than 20% are as follows:

Company name	Country	Percentage Shareholding	Description
Eurosail 2006-4 NP plc	United Kingdom	100%	Investment in residential loans

At 30 November 2013 the Company held 49,998 ordinary shares of £1 each in Eurosail 2006-4 NP 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.

Eurosail 2006-4 NP 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 2013:

	2013 £000	*2012 £000*
Aggregate funds	**3,216**	*2,620*
Profit for the year	**596**	*6,150*

9. Loans to originators - net balances

	2013 £000	2012 £000
At 1 December	**285,738**	*307,474*
Amortisation of premium on acquisition of mortgage loans underlying the loans to originators (Note 10)	**(49)**	*(49)*
Amortisation of discount on acquisition of mortgage loans underlying the loans to originators	**858**	*858*
Principal repayments, mortgage redemptions and other movements	**(18,639)**	*(22,661)*
Adjustment to the expected cash flows of the loans to originators arising from the impairment of the underlying mortgages	**378**	*1,709*
Adjustment to the expected cash flows of the loans to originators arising from bad debts incurred on the underlying mortgages	**(226)**	*(1,593)*
At 30 November	**268,060**	*285,738*

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

The loans to Southern Pacific Mortgage Limited and Preferred Mortgages Limited are denominated in Sterling and bear interest at a variable rate. They are secured on the beneficial interest in the portfolio of residential mortgage loans.

The current mortgage loans in the pool have loan periods of between 1 to 334 months remaining with current interest rates ranging from 0.52% to 4.52% per annum.

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

10. Premium on mortgages underlying the loans to originators

	2013 £000	2012 £000
At 1 December	**244**	*293*
Amortisation in the year	**(49)**	*(49)*
At 30 November	**195**	*244*

11. Debtors

	2013 £000	*2012 £000*
Due after more than one year		
Derivative financial instruments	**30,099**	*27,468*

	2013 £000	*2012 £000*
Due within one year		
Prepayments and accrued income	**14**	*32*
Other debtors	**124**	*129*
	138	*161*

12. Creditors:
Amounts falling due within one year

	Group		Company	
	2013 £000	*2012 £000*	**2013 £000**	*2012 £000*
Amounts owed to related parties	**59**	*59*	**-**	*-*
Other creditors	**74,707**	*71,559*	**13**	*13*
Accruals and deferred income	**3,447**	*3,251*	**-**	*-*
	78,213	*74,869*	**13**	*13*

Other creditors include £40,975,000 *(2012 – £40,975,000)* owing to the liquidity facility provider and £33,619,000 *(2012 – £30,340,000)* owing to the foreign currency swap counterparty. This arises from the drawdown of the liquidity facility due to the increased counterparty default risk of the provider and the payment of collateral by the swap counterparty, under the currency swap agreement, following the downgrade in their credit rating. The cash drawings of £40,975,000 *(2012 – £40,975,000)* and £33,619,000 *(2012 – £30,340,000)* are included in Cash at bank and in hand.

13. Creditors: amounts falling due after more than one year

	2013	2012
	£000	£000
EUR Denominated Mortgage backed loan notes due 2044 - Class A3a	63,434	68,120
GBP Denominated Mortgage backed loan notes due 2044 - Class A3c	116,375	127,875
EUR Denominated Mortgage backed loan notes due 2044 -Class M1a	24,196	24,048
GBP Denominated Mortgage backed loan notes due 2044 -Class M1c	10,288	10,463
EUR Denominated Mortgage backed loan notes due 2044 - Class B1a	44,548	44,277
EUR Denominated Mortgage backed loan notes due 2044 - Class C1a	14,233	14,146
GBP Denominated Mortgage backed loan notes due 2044 - Class C1c	6,859	6,975
EUR Denominated Mortgage backed loan notes due 2044 - Class D1a	8,824	8,771
GBP Denominated Mortgage backed loan notes due 2044 - Class D1c	6,858	6,975
GBP Denominated Mortgage backed loan notes due 2044 - Class E1c	5,744	5,842
	301,359	317,492
Less: Issue costs	(541)	(676)
	300,818	316,816

All loan notes fall due after five years.

The mortgage backed floating rate notes due 2044 are secured over the portfolio of mortgage loans secured by first charge over residential properties in the United Kingdom.

The mortgages underlying the loans to originators are administered by Acenden Limited on behalf of Eurosail 2006-4 NP 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 loans to originators.

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 underlying the loans to originators. 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 September 2044.

The priority and amount of claims on the portfolio proceeds are determined in accordance with a strict priority of payments. Note holders have no recourse to Eurosail 2006-4 NP plc in any form. 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 M Notes, which rank in priority to the Class B1a Notes, which rank in priority to the Class C Notes, which rank in priority to the Class D Notes, which rank in priority to Class E1c Notes.

The revenue backed loan notes are repayable out of interest receipts from the mortgages underlying the loans to originators.

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

The loan notes issued by Eurosail 2006-4 NP plc are full recourse obligations of that Company and 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.

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

Class A2c	Sterling LIBOR + 0.14%
Class A3a	EURIBOR + 0.16%
Class A3c	Sterling LIBOR + 0.16%
Class M1a	EURIBOR + 0.23%
Class M1c	Sterling LIBOR + 0.24%
Class B1a	EURIBOR + 0.27%
Class C1a	EURIBOR + 0.44%
Class C1c	Sterling LIBOR + 0.44%
Class D1a	EURIBOR + 0.77%
Class D1c	Sterling LIBOR + 0.80%
Class DTc	Sterling LIBOR + 0.75%
Class E1c	Sterling LIBOR + 3.00%

14. Issued share capital

	2013	*2012*
	£	*£*
Allotted, called up and fully paid		
1 Ordinary share of £1	**1**	*1*

Share capital of £1 was issued on incorporation on 2 August 2006.

15. Profit and loss account

Group	**£000**
At 1 December 2012	**2,607**
Profit for the financial year	**596**
At 30 November 2013	**3,203**

16. Reconciliation of movement in shareholders' funds

Group	2013 £000	*2012 £000*
Opening shareholders' funds/(deficit)	2,607	*(3,543)*
Profit for the financial year	596	*6,150*
Closing shareholders' funds	3,203	*2,607*

Company	2013 £000	*2012 £000*
Shareholders' funds at 1 December 2012 and 30 November 2013	-	*-*

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 *(2012 - £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 £323,000 *(2012 – £6,204,000 gain)* 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:

	2013 £000	*2012 £000*
Loans to originators	268,060	*285,738*
Cash at bank and in hand	84,743	*81,817*
Derivative financial instruments	30,099	*27,468*
	382,902	*395,023*

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 2013

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	12,138	8,410	8,212	252,860	-	281,620

17. Derivatives and other financial instruments (continued)

(b) Liquidity risk (continued)

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	19,733	16,749	15,891	29,382	222,237	303,992

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, loan note interest, currency swap counterparty creditor and cash at bank, as shown below, all financial instruments are denominated in Sterling.

	2013 Euro £000	**2013 Sterling £000**	**2013 Total £000**
Mortgage backed loan notes due 2044	**(155,235)**	**(146,124)**	**(301,359)**
Loan note interest	**(172)**	**(275)**	**(447)**
Currency swap counterparty creditor	**(33,619)**	**-**	**(33,619)**
Financial liabilities	**(189,026)**	**(146,399)**	**(335,425)**
Cash at bank	**33,619**	**51,124**	**84,743**
Financial assets	**33,619**	**51,124**	**84,743**

17. Derivatives and other financial instruments (continued)

(c) Foreign currency risk (continued)

	2012 Euro £000	2012 Sterling £000	2012 Total £000
Mortgage backed loan notes due 2044	(159,362)	(158,130)	(317,492)
Loan note interest	(191)	(350)	(541)
Currency swap counterparty creditor	(30,340)	-	(30,340)
Financial liabilities	(189,893)	(158,480)	(348,373)
Cash at bank	30,340	51,477	81,817
Financial assets	30,340	51,477	81,817

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 £126,841,000 *(2012 £133,237,000)* and the recognised positive fair values of the Euro swaps was £30,099,000 *(2012 £27,468,000)*.

All Euro 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 2013

	Total	Total non-interest bearing	Within 3 months
	£000	£000	£000
Financial assets			
Loans to originators	268,060	(3,239)	271,299
Cash and deposits	84,743	-	84,743
Derivative financial instruments	30,099	30,099	-
Total assets	382,902	26,860	356,042
Financial liabilities			
Loan notes due 2044	301,359	28,393	272,966
Liquidity facility provider creditor	40,975	-	40,975
Currency swap counterparty creditor	33,619	-	30,340
Total liabilities	375,953	28,393	344,281

17. Derivatives and other financial instruments (continued)

(d) Interest rate risk (continued)

At 30 November 2012

	Total	Total non-interest bearing	Within 3 months
	£000	£000	£000
Financial assets			
Loans to originators	285,738	(4,048)	289,786
Cash and deposits	81,817	-	81,817
Derivative financial instruments	27,468	27,468	-
Total assets	395,023	23,420	371,603
Financial liabilities			
Loan notes due 2044	317,492	26,125	291,367
Liquidity facility provider creditor	40,975	-	40,975
Currency swap counterparty creditor	30,340	-	30,340
Total liabilities	388,807	26,125	362,682

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 mortgage backed loan notes, are set with reference to the London Interbank Offered Rate. The rates of interest payable on the mortgage backed 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, underlying the loan to originator, have fixed interest rates while the loan notes have variable rates. The swap counterparty has defaulted on the swaps. Subsequently all these mortgage loans have moved to a variable interest rate and the interest rate swaps have therefore expired, and as at 30 November 2013 the notional value of these swaps was £Nil *(2012– £Nil)* and the recognised positive fair value was £ Nil *(2012– £ Nil)*.

On 22 September 2009, the Group filed claims of US$1,637,000 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:

	2013 Book value £000	2013 Fair value £000	2013 1% increase in fair value £000	2012 Book value £000	2012 Fair value £000	2012 1% increase in fair value £000
Financial assets						
Loans to originators	**268,060**	**179,684**	**1,797**	285,738	187,143	1,871
Cash and deposits	**84,743**	**84,743**	-	81,817	81,817	-
Derivative financial instruments	**30,099**	**30,099**	**301**	27,468	27,468	275
	382,902	**294,526**	**2,098**	395,023	296,428	2,146
Financial liabilities						
Loan notes due 2044	**(301,359)**	**(180,958)**	**(1,810)**	(317,492)	(187,877)	(1,879)
Liquidity facility provider creditor	**(40,975)**	**(40,975)**	-	(40,975)	(40,975)	-
Currency swap counterparty creditor	**(33,619)**	**(33,619)**	-	(30,340)	(30,340)	-
	(375,953)	**(255,552)**	**(1,810)**	(388,807)	(259,192)	(1,879)

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

	2013	*2012*
	£000	*£000*
Interest receivable on loans to originators	**7,024**	*8,521*
Interest expense on loan notes	**(2,312)**	*(3,783)*
Total	**4,712**	*4,738*

18. Deferred taxation

	Group	
	2013	*2012*
	£000	*£000*
At beginning of year	**892**	*(169)*
(Released during)/charge for the year (P&L)	**(86)**	*1,061*
At end of year	**806**	*892*

The provision for deferred taxation is made up as follows:

	Group	
	2013	*2012*
	£000	*£000*
Effect of EIR adjustment	**453**	*603*
Effect of adjustment for Derivatives	**6,020**	*5,494*
Effect of adjustment for FX revaluation	**(5,667)**	*(5,205)*
	806	*892*

Full provision has been made for deferred tax liabilities arising as a result of Financial Reporting Standard No. 26 adjustments. Accumulated losses of £18,000 *(2012 – £959,000)* resulting in a deferred tax asset of £4,000 *(2012 – £192,000)* 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% *(2012 – 20%)* being the UK small companies' corporation tax rate at the balance sheet date.

19. Net cash flow from operating activities

	2013 £000	2012 £000
Operating profit	187	1,007
Net fair value gain/(loss) on derivative	2,631	(5,981)
(Increase)/decrease in debtors	(1,873)	7,082
Interest receivable and similar income	(7,947)	(9,658)
Increase in creditors	3,050	30,300
Interest payable and similar charges	3,175	4,812
Provision for mortgage losses	(378)	(1,709)
Mortgage losses	226	1,593
EIR adjustment	(753)	(900)
Net cash (outflow)/inflow from operating activities	(1,682)	26,546

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

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest on mortgage loans	7,777	9,421
Other interest received	83	303
Interest on mortgage backed loan notes	(2,446)	(3,984)
Other interest paid	(291)	(237)
Net cash inflow from returns on investments and servicing of finance	5,123	5,503

	2013 £000	2012 £000
Capital expenditure and financial investment		
Proceeds from mortgage loans	17,886	21,761

	2013 £000	2012 £000
Financing		
Repayment of mortgage backed loan notes	(18,401)	(25,006)

21. Analysis of changes in net debt

	1 December 2012 £000	Cash flow £000	Other non-cash changes £000	30 November 2013 £000
Cash at bank and in hand	81,817	2,926	-	84,743
Debt:				
Mortgage backed loan notes	(316,816)	18,401	(2,403)	(300,818)
Net debt	(234,999)	21,327	(2,403)	(216,075)

22. Related party transactions

During the year, Eurosail 2006-4 NP plc has paid the following amounts to Southern Pacific Mortgage Limited Preferred Mortgages Limited and Wilmington Trust SP Services (London) Limited, and the amounts outstanding at the end of the year were:

	Amount charged 2013 £000	**Amount outstanding 2013 £000**	*Amount charged 2012 £000*	*Amount outstanding 2012 £000*
Southern Pacific Mortgage Limited				
Mortgage related amounts receivable	-	56	-	56
Residual income – redemption penalties	7	-	15	3
Preferred Mortgages Limited				
Mortgage related amounts receivable	-	3	-	3
Wilmington Trust SP Services (London) Limited				
Corporate services fees	8	4	8	-
Company secretarial fees	4	2	4	-
Total	19	65	27	62

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 Eurosail 2006-4 NP Parent Limited is held by a Trustee under a declaration of trust for charitable purposes.

Eurosail 2006-4 NP 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.