

**13. Debt securities continued**

Company Wholesale assets At 31 December	2007 £m	Aaa %	Aa %	A %	Baa1 to B3 %	Caa1 and below %	2006 £m
Cash and balances at central banks	209.2	100	-	-	-	-	202.6
Treasury bills	185.0	100	-	-	-	-	-
Loans and advances to banks:							
- Reverse repos	253.4	100	-	-	-	-	0.5
- CDs	1,344.6	15	82	3	-	-	2,043.6
- Cash and other collateral	303.9	35	65	-	-	-	369.4
	<b>1,901.9</b>	<b>30</b>	<b>68</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2,413.5</b>
Debt securities:							
Liquidity portfolio:							
- UK Government securities	1,518.8	100	-	-	-	-	425.3
- Bank and supranational bonds	1,101.7	95	3	2	-	-	1,060.3
- Bank CDs	1,171.5	17	72	11	-	-	914.5
- UK and European Aaa MBS	1,660.0	100	-	-	-	-	1,030.4
- Other asset backed securities	555.2	20	43	7	30	-	379.5
- Other	215.2	-	-	100	-	-	20.9
	<b>6,222.4</b>	<b>73</b>	<b>17</b>	<b>7</b>	<b>3</b>	<b>-</b>	<b>3,830.9</b>
Investment portfolio:							
- Principal protected notes	582.0	41	51	8	-	-	337.9
- CDOs	218.4	76	15	7	2	-	242.2
- CLOs	238.2	58	32	5	5	-	215.9
- SIVs	63.5	-	-	-	-	100	135.7
- Credit funds	73.7	-	8	60	32	-	78.3
	<b>1,175.8</b>	<b>46</b>	<b>35</b>	<b>10</b>	<b>4</b>	<b>5</b>	<b>1,010.0</b>
	<b>7,398.2</b>	<b>68</b>	<b>21</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>4,840.9</b>
<b>Total</b>	<b>9,694.3</b>	<b>62</b>	<b>29</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>7,457.0</b>

At 31 December 2007 the Company's debt securities included £753.5m (2006: £nil) of loan notes issued by the Company's securitisation vehicles. Further information regarding the securitisation is provided in note 12.

**14. Prepayments and accrued income**

At 31 December	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
Commission receivable	7.3	12.9	7.3	12.9
Other	21.2	12.1	14.8	7.5
	<b>28.5</b>	<b>25.0</b>	<b>22.1</b>	<b>20.4</b>

**15. Shares in Group undertakings**

Company	2007 £m	2006 £m
At 1 January	543.7	557.6
Disposals	-	(13.9)
At 31 December	<b>543.7</b>	<b>543.7</b>

During 2006 the Company disposed of its holdings in the following entities:

Bradford & Bingley Investments (Isle of Man) Ltd

Bradford & Bingley (Douglas) Ltd

Bradford & Bingley (PEPS) Ltd

Bradford & Bingley Properties Ltd

The disposal of these entities had no significant impact on the results of the Group or the Company.

# Notes to the Financial Statements

## 15. Shares in Group undertakings continued

The principal trading subsidiary undertakings of Bradford & Bingley plc at 31 December 2007 held directly or indirectly, all of which are fully consolidated into the Group Financial Statements, are listed below:

	Country of incorporation	Major activity	Class of shares held	Interest
<b>Direct</b>				
Bradford & Bingley International Ltd	Isle of Man	Offshore deposit-taking	Ordinary	100%
Bradford & Bingley Investments	England	Holding company	Ordinary	100%
Bradford & Bingley Treasury Services (Ireland)	England	Treasury activities	Ordinary	100%
<b>Indirect</b>				
Mortgage Express	England	Residential mortgage lending	Ordinary	100%

The following companies are SPVs established in connection with the Group's securitisation and covered bond programmes (see note 12). The Company has no ownership interest in these entities but they are regarded as subsidiaries as they are, in substance, controlled by the Company.

	Country of incorporation	Major activity
<b>SPVs</b>		
Aire Valley Finance (No.2) plc	England	Debt issuance
Aire Valley Mortgages 2004-1 plc	England	Debt issuance
Aire Valley Mortgages 2005-1 plc	England	Debt issuance
Aire Valley Mortgages 2006-1 plc	England	Debt issuance
Aire Valley Warehousing 3 Ltd	England	Debt issuance
Aire Valley Mortgages 2007-1 plc	England	Debt issuance
Aire Valley Mortgages 2007-2 plc	England	Debt issuance
Bradford & Bingley Covered Bonds LLP	England	Mortgage funding

Bradford & Bingley Investments, Bradford & Bingley Treasury Services (Ireland) and Mortgage Express are all unlimited companies.

No fair value is provided in respect of shares in Group undertakings as these shares do not have a quoted market price.

## 16. Other assets

	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
Consideration due in respect of sale of assets	645.9	-	645.9	-
Deposits by banks awaiting settlement	-	16.8	-	16.8
Other	5.7	4.5	4.3	3.1
Available-for-sale equity investments	2.1	-	2.1	-
	653.7	21.3	652.3	19.9

## 17. Deferred taxation

The net deferred taxation asset is attributable to the following:

Group	Assets		Liabilities		Net	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Change in accounting basis on adoption of IFRS	14.1	17.0	(19.2)	(23.1)	(5.1)	(6.1)
Cash flow hedge	23.4	-	-	(8.9)	23.4	(8.9)
Accelerated tax depreciation	3.7	4.6	-	(3.6)	3.7	1.0
Other	1.2	7.0	(2.5)	(1.8)	(1.3)	5.2
Employee benefits	27.6	24.8	(24.5)	(7.4)	3.1	17.4
Taxation value of losses carried forward	-	-	-	(2.9)	-	(2.9)
	70.0	53.4	(46.2)	(47.7)	23.8	5.7
Offset	(46.2)	(47.7)	46.2	47.7	-	-
	23.8	5.7	-	-	23.8	5.7