

# Notes to the Financial Statements

## 31. Share-based payments continued

The amount recognised in staff costs for share-based payment transactions with employees may be summarised as follows:

	Group	
	2007 £m	2006 £m
Sharesave Scheme	0.6	0.5
Employees' Restricted Share Bonus Plan	0.1	0.1
Performance Share Plan	-	0.1
Executive Incentive Plan	3.9	3.9
	<b>4.6</b>	<b>4.6</b>

The fair value of the shares for the arrangements in which shares are granted was based on the quoted share price.

## 32. Capital commitments

At 31 December	Group and Company	
	2007 £m	2006 £m
Capital expenditure contracted for but not provided for	6.6	1.1

## 33. Operating lease commitments

At 31 December	Group and Company	
	2007 £m	2006 £m
The amounts of rentals payable under non-cancellable operating leases are as follows:		
Payable in less than one year	8.1	7.6
Payable in between one and five years	27.3	24.5
Payable after more than five years	35.9	35.9
Total payable	<b>71.3</b>	<b>68.0</b>

These operating leases relate to land and buildings and equipment.

## 34. Other commitments

At 31 December	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
Irrevocable undrawn loan facilities	1,900.7	2,305.7	75.7	522.0

Irrevocable undrawn loan facilities include lifetime mortgages for which the commitment reflects an estimate of the interest expected to roll up on the loans until redemption; there is no commitment to advance further cash in respect of these loans.

The Company has provided a number of financial guarantees to other Group companies. The Directors do not expect any claims to be made against the Company under these guarantees and hence no provision has been made.

## 35. Events after the Balance Sheet date

As shown in note 8, on 12 February 2008 the Directors proposed the payment of a dividend of 14.3 pence per share. On 25 January 2008, £645.9m was received in respect of the asset sale described in note 2.

## 36. Related party disclosures

The key management personnel of the Group and Company are the Company's Executive and Non-Executive Directors and senior managers. The Group and Company have related party relationships with the key management personnel and with the Group's pension schemes. In addition, the Company has related party relationships with its subsidiary undertakings; the Company's principal subsidiaries are listed in note 15, and transactions between the Company and its subsidiaries are on 'arms' length' terms.

A summary of the remuneration of the key management personnel is as follows; these amounts include the remuneration of the Directors which is set out in detail on pages 33 to 39. This gives details of the Company's Directors' salaries, fees, pension entitlements, share options, share plans, other incentives and other benefits. Further details of the accounting treatment of pensions are given in note 25, and further details of the accounting treatment of share-based payments in note 31. The Directors' interests in the Company's shares are shown on page 24, and the Directors were paid the declared dividends in respect of those shares.

Details of the Group's and Company's transactions and balances with the Group's pension schemes are given in note 25. There were no amounts due to or from the schemes at 31 December 2007 (2006: £nil).

Group and Company	2007 £000	2006 £000
Salaries and other short-term benefits	4,144	3,850
Termination benefits	-	434
Post-employment benefits	98	226
Share-based payment	1,731	1,425
Total (included within note 5)	<b>5,973</b>	<b>5,935</b>

**36. Related party disclosures** continued

The balances due from related parties and value of transactions were as follows:

Group	Key personnel	
	2007 £000	2006 £000
Debtors outstanding at 1 January	232	292
Net movement over the year	(159)	(60)
Debtors outstanding at 31 December	73	232
Interest earned	12	13

Company	Subsidiaries		Key personnel	
	2007 £m	2006 £m	2007 £000	2006 £000
Debtors outstanding at 1 January	19,648.7	15,633.8	-	26
Net movement over the year	6,340.9	4,014.9	-	(26)
Debtors outstanding at 31 December	25,989.6	19,648.7	-	-
Interest earned	1,110.0	972.5	-	-

The balances with key personnel are mortgages issued on the Group's usual commercial terms, included within 'loans and advances to customers'. The debtors due from subsidiary undertakings are generally repayable on demand, pay interest at a commercial LIBOR-related rate, and are included within 'loans and advances to customers'. No impairment has been recognised on any of these balances.

The balances due to related parties and value of transactions were as follows:

Group	Key personnel	
	2007 £000	2006 £000
Creditors outstanding at 1 January	341	540
Net movement over the year	706	(199)
Creditors outstanding at 31 December	1,047	341
Interest expense	23	16

Company	Subsidiaries		Key personnel	
	2007 £m	2006 £m	2007 £000	2006 £000
Creditors outstanding at 1 January	15,334.9	8,237.5	341	540
Net movement over the year	7,086.0	7,097.4	706	(199)
Creditors outstanding at 31 December	22,420.9	15,334.9	1,047	341
Interest expense	479.4	336.5	23	16

The balances with key personnel are savings products issued on the Group's usual commercial terms, included within 'customer accounts'.

The creditors due to subsidiary undertakings are generally repayable on demand, bear interest at a commercial LIBOR-related rate, and are included within 'customer accounts'.

In addition to the interest income and expense shown above, the Company had other transactions with its subsidiaries as follows:

	2007 £m	2006 £m
Dividend income	1.0	39.6
Management charges	2.0	2.1
Other	3.2	1.4
	6.2	43.1

The Company had the following transactions and balances with securitisation vehicles and Bradford & Bingley Covered Bonds LLP:

Company	2007 £m	2006 £m
Debtors	11,577.3	6,274.0
Creditors	(19,348.8)	(11,958.2)
Derivative liabilities	(44.2)	(36.4)
Net interest expense	441.6	241.5
Management and servicing fee income	3.2	2.8

At 31 December 2007 the Company held £753.5m (2006: £nil) of loan notes issued by the Group's securitisation vehicles on which it earned interest of £14.1m during 2007 (2006: £nil). At 31 December 2007 another Group entity held £500.0m (2006: £nil) of loan notes issued under the Covered Bond programme, on which it earned interest of £8.5m during 2007 (2006: £nil). Loans and advances to customers of £8,117.3m (2006: £7,414.7m) were securitised during the year. Further information regarding the securitisations is provided in note 12.