

MORTGAGE SYSTEMS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER 2003

(Registered Number 1764926)



MORTGAGE SYSTEMS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 31st December 2003

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company has not traded during the year under review.

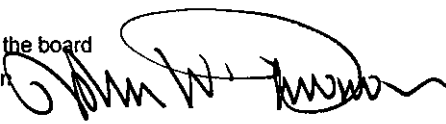
DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year were:

J G Goodfellow
R J McCormick

Mr. J G Goodfellow and Mr. R J McCormick are also directors of the ultimate parent undertaking, Skipton Building Society. Their interests in the shares of group companies are not required to be recorded in the register maintained by this company.

By order of the board
J W Dawson
Secretary



2 February 2004

MORTGAGE SYSTEMS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORTGAGE SYSTEMS LIMITED

We have audited the financial statements on pages 4 and 5.

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 its 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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company are not disclosed.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs at 31st December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

KPMG Audit Plc

2 February 2004

MORTGAGE SYSTEMS LIMITED

BALANCE SHEET

AT 31ST DECEMBER 2003

	Notes	2003 £'000	2002 £'000
Net assets		-	-
Capital and reserves			
Called up equity share capital	2	723	723
Profit and loss account		(723)	(723)
Equity shareholders' funds		-	-

The company did not trade during the year.

These accounts were approved by the Board of Directors on 2 February 2004 and signed on their behalf by.

J G Goodfellow - Director



The notes on page 5 form part of these accounts

MORTGAGE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

(a) Basis of accounting

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. Equity Share Capital

	2003	2002
	£'000	£'000
Authorised, allotted, called up and fully paid:		
7,233,750 ordinary shares of 10p each	723	723

3. Profit and Loss Account

The company has not traded during the year, has received no income and incurred no expenditure and consequently has made neither profit nor loss.

4. Ultimate parent undertaking

The company is a wholly owned subsidiary of Skipton Building Society, registered in the United Kingdom.

A copy of the group annual report and accounts into which the results of this company are consolidated is available from:-

The Secretary
Skipton Building Society
The Bailey
Skipton
North Yorkshire
BD23 1DN