

**FN Mortgages Limited**  
(Registered Number: 1989335)

**Directors' Report and Financial Statements**  
**Year ended 31 December 2007**

WEDNESDAY



\*A56S903P\*

A27

28/05/2008

269

COMPANIES HOUSE

**Company Information**

**Directors**

D G Berry  
W J Flynn  
D Harvey  
B Heese  
R D Hunkin  
M S Johar  
A R Punch  
C J V Shave

**Company Secretary**

FN Secretary Limited

---

**Registered Office**

53 - 61 College Road  
Harrow  
Middlesex  
HA1 1FB

**Company Auditor**

KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

**Directors' Report****Year ended 31 December 2007**

The directors have pleasure in presenting their Directors' Report and financial statements for FN Mortgages Limited ('the Company') for the year ended 31 December 2007

**Principal activities**

The Company holds investments in subsidiaries, together with a portfolio of mortgage loans secured on residential property in the United Kingdom. No new business is expected to be originated by the Company in the foreseeable future and as such the balance held is expected to continue to reduce

**Business review**

The directors are satisfied with the results for the year and the future prospects of the Company

The results for the year are shown in the profit and loss account on page 5, which shows a profit for the financial year of £3,126,000 (2006 £4,369,000)

An interim dividend of £75.56 (2006 £Nil) per ordinary share, amounting to £18.9 million (2006 £Nil) was approved by the Board on 15 November 2007 and was paid on 22 November 2007. The directors do not recommend the payment of a final dividend

**Directors**

The directors who held office during the year and up to the date of the directors' report were

---

D G Berry	
R D Hunkin	
A R Punch	
C J V Shave	
W J Flynn	(appointed 19 July 2007)
D Harvey	(appointed 6 November 2007)
B Heese	(appointed 6 November 2007)
M S Johar	(appointed 20 December 2007)
M R Bellora	(resigned 5 October 2007)
M J Melling	(resigned 25 October 2007)
J S Nutley	(resigned 31 August 2007)
E M Sully	(resigned 28 September 2007)

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**Directors' Report (continued)**  
**Year ended 31 December 2007**

**Statement of directors' responsibilities in respect of the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Acceptable Accounting Practice)

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

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

**Auditors**

In accordance with Section 379A of the Companies Act 1985, the Company has elected to dispense with the following obligations

- to lay accounts and reports before general meetings
- to hold annual general meetings
- to appoint auditors annually

KPMG Audit Plc will therefore continue in office

**By Order of the Board**



For and on behalf of  
FN Secretary Limited, Secretary  
15 May 2008

53-61 College Road  
Harrow  
Middlesex  
HA1 1FB

## Independent auditors' report to the members of FN Mortgages Limited

We have audited the financial statements of FN Mortgages Limited for the year ended 31 December 2007, which comprise the 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
15 May 2008

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

**FN Mortgages Limited**

Co Number 1989335

**Profit and Loss Account  
Year ended 31 December 2007**

	Note	2007 £'000	2006 £'000
Interest receivable	1	4,668	4,634
Interest payable	2	(641)	(860)
<b>Net interest income</b>		<b>4,027</b>	<b>3,774</b>
Other operating income	3	290	1,543
Administrative expenses		(1,437)	(940)
Provision for bad and doubtful debts	9	162	(25)
<b>Profit on ordinary activities before taxation</b>	4	<b>3,042</b>	<b>4,352</b>
Taxation	7	84	17
<b>Profit for the financial year</b>	14	<b>3,126</b>	<b>4,369</b>

All income and expenditure derives from continuing operations

There are no recognised gains and losses other than the profit for the current and preceding financial year. Accordingly, no statement of total recognised gains and losses has been prepared

**FN Mortgages Limited**

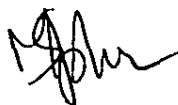
Co Number 1989335

**Balance Sheet****As at 31 December 2007**

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	8	50	50
		<b>50</b>	<b>50</b>
<b>Current assets</b>			
Mortgage Loans - due within one year	9	5,968	5,564
- due after more than one year	9	43,892	57,815
		<b>49,860</b>	<b>63,379</b>
Debtors	10	737	1,142
Cash		168	14
		<b>50,765</b>	<b>64,535</b>
<b>Creditors amounts falling due within one year</b>	<b>11</b>	<b>(50,873)</b>	<b>(48,879)</b>
<b>Net current (liabilities) / assets</b>		<b>(108)</b>	<b>15,656</b>
<b>Net (liabilities) / assets</b>		<b>(58)</b>	<b>15,706</b>
<b>Capital and reserves</b>			
Called up share capital	12	250	250
Profit and loss account	13	(308)	15,456
<b>Shareholder's (deficits) / funds</b>	<b>14</b>	<b>(58)</b>	<b>15,706</b>

These financial statements were approved by the Board of Directors on 15 May 2008

Signed on behalf of the Board of Directors



M S Johar  
Director

**Notes to the Financial Statements  
Year ended 31 December 2007****1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. There have been no changes in accounting policy during the current year.

**Basis of preparation**

The directors have prepared these financial statements on a going concern basis on the assumption that a parent undertaking, GE Money Home Finance Limited, will provide financial support, if necessary, in order to enable the Company to continue as a going concern.

**Consolidated financial statements**

As the Company is a wholly owned subsidiary of GE Money Home Lending Holdings Limited, a company registered in England and Wales, consolidated financial statements have not been prepared by virtue of the exemption permitted by Section 228 of the Companies Act 1985. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

**Interest receivable**

Interest receivable relates to the Company's principal activity and arises wholly in the United Kingdom.

---

Interest receivable is recognised on an accruals basis and comprises mortgage interest income receivable from the Company's lending activities.

**Other operating income**

Other operating income relates to fees charged on loans in respect of arrangement, administration, arrears and early settlements. Other operating income is recognised on an accruals basis and is net of VAT.

**Mortgage loans**

Mortgage loans are stated at cost less provisions. Provisions are made against mortgage loan receivables net of insurance recoveries when, in the opinion of the directors, credit risks or economic factors make recovery doubtful. The aggregate provisions that are made during the period are charged against operating profit. If the collection of interest is considered to be doubtful, it is suspended and excluded from interest income in the profit and loss account.

**Investments**

The Company's investments in subsidiary companies are stated at cost less any necessary provision for impairment.

**Current taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.



**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2007****1. Accounting Policies (continued)****Deferred taxation**

Full provision is made for deferred tax liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. However, a net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**Related party transactions**

The Company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Parties", in preparing its financial statements. This exemption allows the Company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of General Electric Company, in which the Company is included, are available to the public and can be obtained from the address given in note 16.

**Cash flow statement**

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of a parent company which are available to the public.

**2. Interest payable**

	2007	2006
	£'000	£'000
Amount owed to group undertakings	641	860

**3. Other operating income**

	2007	2006
	£'000	£'000
Fees and commissions receivable	290	515
Release of provision for disputed balances	-	1,028
	290	1,543

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2007**

**4 Notes to the Profit and Loss Account**

	2007	2006
	£'000	£'000

Profit on ordinary activities before taxation is stated after charging/(crediting)

Management charge payable	1,437	940
---------------------------	-------	-----

**Auditors' remuneration**

Auditors' remuneration in the current and prior year was borne by another group company on behalf of the Company. The audit fee in respect of the Company was

	2007	2006
	£'000	£'000

Fees for the audit of the Company	21	20
-----------------------------------	----	----

Fees paid for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated accounts of the Company's parent undertaking, GE Money Home Lending Holdings Limited, are required to disclose non-audit fees on a consolidated basis.

**5. Dividends**

	2007	2006
	£'000	£'000

**Equity - Ordinary**

Interim paid £75.5 per £1 share (2006: £nil)	18,890	-
--	--------	---

**6. Information regarding directors and employees**

**Employees**

There are no direct employees of the Company (2006: Nil). Employees are remunerated by another group company, under their contracts of employment with that company. Staff costs are recharged to the Company in the current and prior year. Full disclosure regarding employees can be found in the financial statements of GE Money Home Lending Holdings Limited.

**Directors**

The Company paid for no directors' remuneration (2006: £Nil). None of the directors has any pension benefits provided by the Company (2006: £Nil).

C J V Shave, M R Bellora, A R Punch, E M Sully, D Harvey, R D Hunkin, W J Flynn and M S Johar are/were also directors of GE Money Home Lending Holdings Limited, a parent undertaking, and do/did not specifically receive any remuneration in respect of their services to the Company. It was not possible to determine an appropriate proportion of their services on behalf of the Company. Accordingly disclosure regarding their total emoluments can be found in the financial statements of that company.

B Heese, M J Melling, D G Berry and J S Nutley are/were also directors of GE Money Home Finance Limited, a parent undertaking, and do/did not specifically receive any remuneration in respect of their services to the Company. It was not possible to determine an appropriate proportion of their services on behalf of the Company. Accordingly disclosure regarding their total emoluments can be found in the financial statements of that company.

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2007**

**7. Taxation**

	2007	2006
	£'000	£'000
<b>a) Analysis of the charge/(credit) in the year</b>		
Current tax at 30% (2006 30%)	913	997
Adjustment in respect of prior years	(997)	(1,323)
Total current tax	(84)	(326)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	309
Total deferred tax	-	309
Tax on profit on ordinary activities	(84)	(17)

**b) Factors affecting the current tax charge/(credit) in the year**

The current tax assessed for the year is lower than the standard rate of corporation tax, on losses, in the UK (30%) The difference is explained below

Profit on ordinary activities before tax	3,042	4,352
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	913	1,306
<b>Effects of:</b>		
Depreciation in excess of capital allowances	-	(1)
Short term timing differences not recognised	-	(308)
Adjustment in respect of prior years	(997)	(1,323)
Current tax charge/(credit) for the year	(84)	(326)

- c)** Deferred tax assets and liabilities on all timing differences have been calculated at 28%, being the rate of corporation tax effective from 1 April 2008, including those expected to reverse in the year ended 31 December 2008 (the effective rate for which would otherwise be 28.5%) The impact of this on the financial statements is not considered to be material

# FN Mortgages Limited

Co Number 1989335

## Notes to the Financial Statements (continued) Year ended 31 December 2007

### 8. Investment in subsidiary undertakings

£

#### Cost and net book value

At 1 January and 31 December 2007	50,100
-----------------------------------	--------

The following were wholly-owned subsidiary undertakings of the Company at 31 December 2007

Undertaking	Principal Activity	Country of Incorporation	Status
FN 10 Limited (*)	Holding Company	England and Wales	Dormant
Maes ECP No 1 Limited	Non Trading	England and Wales	Dormant
Maes Finance Limited	Non Trading	England and Wales	Dormant

(\*) Direct shareholding

The issued share capital of all the Company's subsidiaries consists of ordinary shares of £1

### 9. Mortgage loans

	2007	2006
	£'000	£'000
<b>Cost</b>		
At 1 January	63,715	81,617
Repayments and Redemptions	(13,588)	(17,902)
<b>At 31 December</b>	<b>50,127</b>	<b>63,715</b>
<b>Provision</b>		
At 1 January	(336)	(346)
Amount utilised, net of recoveries	(93)	35
Net release / (charge) for the year	162	(25)
<b>At 31 December</b>	<b>(267)</b>	<b>(336)</b>
<b>Net book value</b>		
<b>At 31 December</b>	<b>49,860</b>	<b>63,379</b>
	2007	2006
	£'000	£'000
Mortgage loans due within one year	5,968	5,564
Mortgage loans due after more than one year	43,892	57,815
	<b>49,860</b>	<b>63,379</b>

**FN Mortgages Limited**

Co Number 1989335

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2007****10. Debtors**

	2007	2006
	£'000	£'000
<b>Amounts due within one year:</b>		
Amount owed by group undertakings	724	1,079
Deferred tax asset	1	1
Other Debtors	12	62
	<b>737</b>	<b>1,142</b>

The deferred tax asset consists of

	2007	2006
	£'000	£'000
Accelerated capital allowances	1	1
	<b>1</b>	<b>1</b>

The movements in the deferred taxation in the year are as follows

	2007	2006
	£'000	£'000
At 1 January	1	310
Released in the year	-	(309)
At 31 December	<b>1</b>	<b>1</b>

**11. Creditors: amounts falling due within one year**

	2007	2006
	£'000	£'000
Amounts owed to group undertakings	49,862	47,800
Corporation tax	912	997
Other creditors	99	82
	<b>50,873</b>	<b>48,879</b>

**Notes to the Financial Statements (continued)**  
**Year ended 31 December 2007**

**12. Called up share capital**

	2007	2006
	£'000	£'000
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250	250
<b>Allotted, called-up and fully paid</b>		
250,000 Ordinary shares of £1 each	250	250

**13. Reserves**

	2007	2006
	£'000	£'000
At 1 January	15,456	11,087
Retained (loss) / profit for the financial year (Note 14)	(15,764)	4,369
At 31 December	(308)	15,456

**14. Reconciliation of movements in shareholder's (deficit) / funds**

	2007	2006
	£'000	£'000
Profit for the financial year	3,126	4,369
Dividend paid	(18,890)	-
Retained (loss) / profit for the financial year	(15,764)	4,369
Opening shareholder's funds	15,706	11,337
Closing shareholder's (deficit) / funds	(58)	15,706

**15. Capital and financial commitments**

The Company had no capital or financial commitments at 31 December 2007 or 31 December 2006

**16. Ultimate parent company and parent undertaking of larger group**

The directors regard GE Money Home Finance Limited, a company registered in England and Wales, as the immediate parent undertaking

The largest group in which the results of the Company are consolidated is that headed by the ultimate parent company, General Electric Company, incorporated in the United States of America. The consolidated financial statements of General Electric Company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06828, USA or [www.ge.com](http://www.ge.com)

The smallest group in which the results of the Company are consolidated is that of GE Money Home Lending Holdings Limited, incorporated in Great Britain. The consolidated financial statements of GE Money Home Lending Holdings Limited are available to the public and may be obtained from Building 4, Hatters Lane, Croxley Green Business Park, Watford, Hertfordshire WD18 8YF