

FN Mortgages Limited

Directors' report and financial statements

For the year ended 31 December 2009

Registered number 1989335

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FN Mortgages Limited

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FN Mortgages Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2009

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.

Results and dividends

The profit for the year after taxation, amounted to £1,392,000 (2008: £1,456,000)

The directors do not recommend the payment of a dividend (2008: £nil)

Directors

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

D G Berry
M S Johar
I G Ferguson
D Harvey
C J V Shave
W J Flynn
I D Wilson (resigned 2 March 2009)
B Heese (resigned 29 January 2010)
C Gunnigle (appointed 21 May 2009)

Provision 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 that director is aware, there is no relevant audit information of which the company's auditors are unaware and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

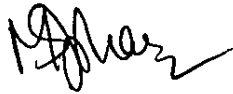
FN Mortgages Limited

Directors' report

Auditors

Under section 487 of the Companies Act 2006, KPMG Audit Plc will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 24 May 2010 and signed on its behalf



M S Johar
Director

53-61 College Road
Harrow
Middlesex
HA1 1FB

FN Mortgages Limited

Statement of directors' responsibilities for the year ended 31 December 2009

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 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 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
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FN Mortgages Limited

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 2009 which comprise the profit and loss account, the balance sheet and the related notes. 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 statement of directors' responsibilities, 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 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 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

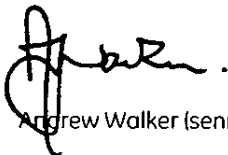
FN Mortgages Limited

Independent auditors' report to the members of FN Mortgages 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 or returns adequate for our audit have not been received from branches not visited by us or
- the 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



Andrew Walker (senior statutory auditor)

for and on behalf of
KPMG Audit Plc

Statutory Auditor
Chartered Accountants

1 The Embankment
Neville Street
Leeds
LS1 4DW

24 May 2010

FN Mortgages Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Interest receivable	1	2,123	3,780
Interest payable	2	(455)	(2 365)
Net interest income		1,668	1,415
Administrative expenses		(912)	(1,107)
Fees and commissions payable (net)		(2)	(9)
Other operating income		156	203
Release of provision for bad and doubtful debts		722	258
Profit on ordinary activities before taxation	3	1,632	760
Tax on profit on ordinary activities	7	(240)	696
Profit for the financial year	15	1,392	1 456

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

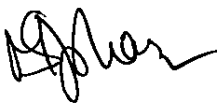
The notes on pages 8 to 14 form part of these financial statements

FN Mortgages Limited
Registered number 1989335

Balance sheet
as at 31 December 2009

	Note	£000	2009 £000	£000	2008 £000
Fixed assets					
Fixed asset investments	8		50		50
Current assets					
Debtors amounts falling due after more than one year	9	28,182		36,194	
Debtors amounts falling due within one year	9	3,182		5,021	
Cash at bank and in hand		1		38	
		<u>31,365</u>		<u>41,253</u>	
Creditors amounts falling due within one year	11	<u>(1,363)</u>		<u>(39,905)</u>	
Net current assets			<u>30,002</u>		<u>1,348</u>
Total assets less current liabilities			<u>30,052</u>		<u>1,398</u>
Creditors amounts falling due after more than one year	12		<u>(27,262)</u>		<u>-</u>
Net assets			<u>2,790</u>		<u>1,398</u>
Capital and reserves					
Called up share capital	14		250		250
Profit and loss account	15		<u>2,540</u>		<u>1,148</u>
Shareholders' funds	16		<u>2,790</u>		<u>1,398</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2010



M S Johar
Director

The notes on pages 8 to 14 form part of these financial statements

FN Mortgages Limited

Notes to the financial statements

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Interest receivable

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

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

1.4 Investments

Investments in subsidiaries are shown at cost less provision for impairment.

1.5 Taxation

Taxation for the year is based on the profit for the year.

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.

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 differences 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.

1.6 Transactions with related parties

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", 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 publicly available.

FN Mortgages Limited

Notes to the financial statements

1 Accounting policies (continued)

1.7 Other operating income

Other operating income relates to the fees charged on loans in respect of arrangement, administration, arrears and early settlements and commissions earned on the sale of third party insurance. Other operating income is recognised on an accrual basis and is net of VAT.

1.8 Bad and doubtful debts

A credit loss provision has been established to reflect losses from impairment estimated to have occurred up to the balance sheet date. This is calculated primarily through application of provisioning models based on past experience.

The provisioning models have applied historical information up to the balance sheet date, on each portfolio to predict the amount of the debt at the balance sheet date that will be irrecoverable. The information used in the models takes into account the company's experience of default rates, loss emergence periods and the effect of historic movements in house prices.

Interest on doubtful debts ceases to be recognized when there is reasonable doubt over the collectability of principal and/or interest in accordance with the loan agreement.

All bad debts are written off against the provision in the period in which they are classified as irrecoverable. The amount necessary to bring the provisions to the assessed levels net of write offs and recoveries are charged to the profit and loss account.

1.9 Pre-completion costs

Pre-completion costs comprise brokerage commission and other related expenses from the origination of loans. These costs are deferred and included within debtors and charged in the profit and loss account in line with the income generated from these loans.

2 Interest payable

	2009 £000	2008 £000
On amounts owed group undertakings	455	2,365

3 Profit on ordinary activities before taxation

The profit on ordinary activities before tax is stated after charging

	2009 £000	2008 £000
Management charges payable	912	1,143

FN Mortgages Limited

Notes to the financial statements

4 Auditors' remuneration

	2009 £000	2008 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	15	21

Remuneration paid to the auditors for their audit services to the company was borne by a fellow group undertaking

5 Staff costs

There are no direct employees of the company (2008 nil). Employees are remunerated by another group company under their contracts of employment with that company. There were no recharged costs to the company in the current and prior period. Full disclosure regarding directors and employees can be found in the financial statements of GE Money Home Lending Holdings Limited, a parent undertaking of the company.

6 Directors' remuneration

The company paid for no directors' remuneration (2008 £nil). None of the directors has any pension benefits provided by the company (2008 £nil).

All of the directors are/were also directors of GE Money Home Lending Holdings Limited, a parent undertaking and do 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.

7 Taxation

	2009 £000	2008 £000
<i>Analysis of tax charge/(credit) in the year</i>		
UK corporation tax charge on profit for the year	457	217
Adjustments in respect of prior periods	(217)	(913)
<i>Tax on profit on ordinary activities</i>	240	(696)

FN Mortgages Limited

Notes to the financial statements

7 Taxation (continued)

Factors affecting current tax charge for the year

The current tax assessed for the year is lower than (2008 lower than) the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £000	2008 £000
Profit on ordinary activities before tax	1,632	760
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	457	217
<i>Effects of:</i>		
Adjustments to tax charge in respect of prior periods	(217)	(913)
Current tax charge/(credit) for the year (see note above)	240	(696)

Factors that may affect future tax charges

There are no factors that may significantly affect future tax charges

8. Fixed asset investments

	Shares in subsidiary undertakings £000
Cost and net book value	
At 1 January 2009 and 31 December 2009	50

Details of the company's subsidiary undertaking, which is incorporated in England and Wales are set out as below

Name and nature of business	Percentage of share held	Class of shares held
FN 10 Ltd* - dormant	100%	Ordinary
Maes ECP No 1 Limited - dormant	100%	Ordinary
Maes Finance Limited - dormant	100%	Ordinary

* Direct shareholding

FN Mortgages Limited

Notes to the financial statements

9 Debtors

	2009 £000	2008 £000
Due after more than one year		
Mortgage loans (see note 10)	28,182	36 194
Due within one year		
Mortgage loans (see note 10)	2,996	3,878
Amounts owed by group undertakings	185	1 142
Deferred tax asset (see note 13)	1	1
	3,182	5,021

10. Mortgage loans

	2009 £000	2008 £000
Cost		
As at 1 January	40,180	50 127
Repayments and redemption	(7,356)	(9,947)
At 31 December	32,824	40,180
Provision		
As at 1 January	(108)	(267)
Recoveries, net of amounts utilised	(2,260)	(99)
Net release for the year	722	258
At 31 December	(1,646)	(108)
Net book value	31,178	40,072

11. Creditors

Amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group undertakings	892	39,674
Corporation tax	457	217
Other creditors	14	14
	1,363	39,905

FN Mortgages Limited

Notes to the financial statements

12 Creditors Amounts falling due after more than one year

	2009 £000	2008 £000
Amounts owed to group undertakings	<u>27,262</u>	<u>-</u>

13 Deferred taxation asset

	2009 £000	2008 £000
At beginning and end of year	<u>1</u>	<u>1</u>

The deferred taxation balance is made up as follows

	2009 £000	2008 £000
Accelerated capital allowances	<u>1</u>	<u>1</u>

There were no amounts of unprovided deferred taxation as at 31 December 2009 or 31 December 2008

14 Share capital

	2009 £000	2008 £000
<i>Allotted, called up and fully paid</i>		
250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>

15 Reserves

	Profit and loss account £000
At 1 January 2009	1,148
Profit for the year	1,392
At 31 December 2009	<u>2,540</u>

FN Mortgages Limited

Notes to the financial statements

16 Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
Opening shareholders' funds/(deficit)	1,398	(58)
Profit for the year	1,392	1 456
Closing shareholders' funds	<u>2,790</u>	<u>1 398</u>

17 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GE Money Home Finance Limited, a company registered in England and Wales

The smallest group in which the results of the company are consolidated is that of GE Money Home Lending Holdings Limited, a company registered in England and Wales. 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.

The largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company incorporated in the United States of America. The consolidated financial statements of this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06828, USA or at www.ge.com.