

Company Registration Number : 2013548

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 30 September 2005



FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 September 2005.

PRINCIPAL ACTIVITY

The company acts as a holding company. The principal activity of the group continued to be the provision of mortgage loans secured on residential properties within the United Kingdom.

The movements on fixed asset investments are as detailed in note 3.

RESULTS

The company did not trade in either the current or the preceding year and, accordingly, no profit and loss account has been prepared.

DIRECTORS

The directors throughout the year, unless otherwise noted, were :

N Keen

R D Shelton

N Keen is a director of the ultimate parent company, The Paragon Group of Companies PLC. Accordingly his interests in the shares of group companies are disclosed in that company's directors' report.

R D Shelton is an employee of The Paragon Group of Companies PLC and had the following beneficial interests in the share capital of that company by virtue of options granted to him under the Executive Share Option Scheme.

	At 30 September 2004 Ordinary shares of 10p each	Awards granted during the year	Options exercised during the year	At 30 September 2005 Ordinary shares of 10p each
i) interests in shares in the holding company through share options	332,597	14,352	81,307	265,642
ii) interests in shares of the holding company under the Paragon Performance Share Plan	30,143	13,324	-	43,467
iii) interests in shares of the holding company under the Paragon Deferred Bonus Scheme	3,592	3,812	-	7,404

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

In addition, at 30 September 2005 R D Shelton beneficially held 55,651 shares (2004: 18,725).

Other than as disclosed above, the directors had no other interest in the shares of the company or of other group companies either during or at the end of the year.

Neither of the directors had any interest either during or at the end of the year in any material contract or arrangement with the company.

Neither of the directors had a service contract with the company.

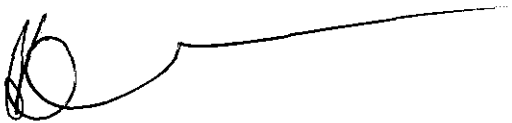
CREDITOR PAYMENT POLICY

The company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier. The trade creditor days figure has not been stated as the measure is not appropriate to the business.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'J G Gemmell', with a long horizontal line extending to the right.

J G Gemmell
Company Secretary
24 July 2006

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in relation to Financial Statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. As required, in the absence of any circumstances which would make it inappropriate, the financial statements have been prepared on a going concern basis.

The directors consider that in preparing the financial statements (on pages 5 to 9), the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors had responsibility for ensuring the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company at any time and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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 FINANCE FOR HOME LOANS (HOLDINGS) LIMITED**

We have audited the financial statements of Finance for Home Loans (Holdings) Limited for the year ended 30 September 2005 which comprise the balance sheet and the related notes 1 to 7. 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 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 and other group companies is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 30 September 2005, and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

24 July 2006

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

BALANCE SHEET

30 September 2005

	Note	£'000	2005 £'000	£'000	2004 £'000
ASSETS EMPLOYED					
FIXED ASSETS					
Investments	3		36		36
CURRENT ASSETS					
Debtors	4		451		451
			<u>487</u>		<u>487</u>
FINANCED BY					
SHAREHOLDERS' FUNDS					
Called up share capital	5	1		1	
Share premium account	6	2		2	
Revaluation reserve	6	36		36	
Profit and loss account	6	<u>448</u>		<u>448</u>	
		<u>487</u>		<u>487</u>	
Equity shareholders' funds			486		486
Non equity shareholders' funds			<u>1</u>		<u>1</u>
			<u>487</u>		<u>487</u>

The financial statements were approved by the Board of Directors on 24 July 2006.

Signed on behalf of the Board of Directors



R D Shelton
Director

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 September 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments in subsidiaries.

Investment in subsidiaries

The company's investments in subsidiary companies are valued by the directors at the company's share of the book value of their underlying net tangible assets.

Transactions with other group companies

The company has taken advantage of the exemption granted by Financial Reporting Standard 8 - 'Related Party Disclosures' and does not therefore provide details of transactions with other group companies.

Cashflow Statement

The Company has taken advantage of the exemption granted by Financial Reporting Standard 1 - 'Cashflow Statements' and does not therefore provide a cashflow statement.

Consolidated accounts

The company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group financial statements, being a wholly-owned subsidiary undertaking of The Paragon Group of Companies plc.

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 September 2005

2. PROFIT AND LOSS ACCOUNT

The company did not trade in either the current or the preceding year and, accordingly, no profit and loss account has been prepared.

None of the directors received any remuneration from the company during either the current or preceding years.

One director exercised share options in the parent company during the year (2004: one director).

There were no other employees during either the current or preceding year.

3. INVESTMENTS

	2005 £'000	2004 £'000
Shares in subsidiary companies :		
Valuation		
At 1 October and 30 September	<u>36</u>	<u>36</u>
Cost		
At 1 October 2004 and 30 September 2005	<u>13</u>	<u>13</u>

The company holds 100% of the issued share capital of all of the following companies which consists wholly of ordinary shares: All of the companies are dormant.

NHL First Funding Corporation Limited
NHL Second Funding Corporation Limited
NHL Third Funding Corporation Limited
NHL Fourth Funding Corporation Limited
Blue Chip Mortgage Passthrough (No 1) Limited

All of the subsidiary companies are registered in England and Wales.

The principal activity of the subsidiaries, where trading, is the provision of mortgage loans secured on residential properties in England and Wales.

In the opinion of the directors the value of the above investments are not less than the amount shown above.

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 September 2005

4. DEBTORS

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Amounts owed by group companies	<u>451</u>	<u>451</u>

5. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Equity share capital		
Authorised, allotted and fully paid :		
100 ordinary shares of £1 each	100	100
400 preferred ordinary shares of £1 each	<u>400</u>	<u>400</u>
	<u>500</u>	<u>500</u>
Non-equity share capital		
Authorised, allotted and fully paid :		
500 5% non-cumulative preference shares of £1 each	<u>500</u>	<u>500</u>

Preference shareholders rank equally with the preferred ordinary shareholders on the payment of a dividend. The preference shareholders are paid a non-cumulative dividend of 5% per annum.

On a winding up, the preference shareholders are entitled,

- i) to repayment of capital in priority to ordinary shareholders, but after preferred ordinary shareholders have been repaid their capital plus a premium of £3 per share, and
- ii) to 25% of the value of the share premium account at the date of the winding up.

Preference shareholders have no right to attend or vote at the general meetings unless the resolutions proposed affect them.

FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 September 2005

6. STATEMENT OF MOVEMENT ON RESERVES AND SHAREHOLDERS' FUNDS

	Share Capital £'000	Share Premium Account £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
Balances at 1 October 2004					
and at 30 September 2005	<u>1</u>	<u>2</u>	<u>36</u>	<u>448</u>	<u>487</u>

7. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent company and ultimate controlling party is The Paragon Group of Companies PLC, a company registered in England and Wales. Copies of the Group's financial statements are available from that company's registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.