
Birmingham Midshires Mortgage Asset (No. 6) Limited

Annual Report

For the year ended 31 December 1999

Registered No: 2091892



**Annual Report
for the year ended 31 December 1999**

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Directors and advisers

Directors

W G Thomas
I D Kerr

Registered Auditors

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

Secretary and Registered Office

M S Lodge
Trinity Road
Halifax
West Yorkshire
HX1 2RG

Directors' report

The Directors present their report together with the accounts for the year ended 31 December 1999.

Business objectives and principal activities

The company's principal activity is mortgage related finance. The company has operated satisfactorily. The Directors do not expect any material change in the trading activities of the company in the future. As a wholly owned subsidiary of Halifax Group plc the company funds its mortgage assets by way of a loan from its parent undertaking.

The company's mortgage loan portfolio is administered by its fellow subsidiary company, Birmingham Midshires Asset Management Limited.

Results for the year

The loss for the year carried forward to reserves as at 31 December 1999 was (£7,768,736) (1998 profit: £4,889,996).

Tangible fixed assets

The company has no fixed assets.

Payment to suppliers

Invoices are processed on behalf of the company Birmingham Midshires, a division of Halifax plc. When agreeing commercial arrangements with suppliers, settlement terms are negotiated. Failing such agreement the standard terms of payment are 30 days from the invoice date. The average length of payment to suppliers was 11 days in 1999.

Ultimate Parent Undertaking

At the commencement of business on 19 April 1999 the business of Birmingham Midshires Building Society and ownership of its subsidiaries was transferred to Halifax plc. Following a group reconstruction on 1 June 1999, a new ultimate parent undertaking, Halifax Group plc, was established which owns all the ordinary share capital of Halifax plc, the previous parent undertaking.

Year 2000

The company's ultimate parent undertaking, Halifax Group plc, continues its review across the Group on the impact of the year 2000 problem on the business. Full details of this review and the expected costs involved are included in the financial statements of Halifax plc

The Directors of Birmingham Midshires Mortgage Asset (No 6) Ltd are satisfied that no major issues have arisen as a result of the year 2000 problem and that any further impact on the business will not be significant and that accordingly any rectification costs are not expected to be material. Contingency

Birmingham Midshires Mortgage Asset (No. 6) Limited

plans remain in place to ensure continuity of operations if problems do arise and systems are unavailable in the early part of year 2000.

Directors and Directors Interests

The Directors who served during the year were as follows:

W G Thomas

I D Kerr (appointed 19.4.99)

During the year no director had any interest in the share capital of the company or of any group undertaking other than the ultimate holding company.

The interests of the directors in the shares of the ultimate holding company were as follows:

	At 31 December 1999	At 1 January 1999
W G Thomas	343	371

Under the term of the Halifax Group plc Sharesave Scheme 1999, options to acquire shares in the ultimate holding company were granted to or exercised by the following directors:

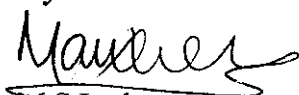
	Waived In Year	Lapsed in Year	Number of Options Granted in Year	Exercised in Year
W G Thomas	-	-	1,804	-
I D Kerr	-	-	1,804	-

Auditors and Annual General Meeting

PricewaterhouseCoopers resigned from office following the purchase of the company by Halifax plc on 19 April 1999, following which the directors appointed KPMG Audit Plc as auditors

Pursuant to a resolution passed by the members, the company has elected to dispense with the holding of Annual General Meetings, of laying financial statements and reports before the company in General Meeting, and with the obligation to re-appoint auditors annually.

By order of the Board



M S Lodge

Secretary

Halifax

11 February 2000

Statement of Directors' responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those accounts, 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 accounts;
- prepare the accounts 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 accounts comply with the Companies Act 1985. 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.

Report of the Auditors to the members of Birmingham Midshires Mortgage Asset (No. 6) Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 4, 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. 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 is not disclosed.

Basis of 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, 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 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants and Registered Auditors

1 The Embankment

Neville Street

Leeds

LS1 4DW

11 February 2000

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999

	Note	1999 £	1998 £
Turnover		25,184,754	36,738,930
Interest payable and similar charges	2	(16,190,199)	(25,575,856)
Gross profit		8,994,555	11,163,074
Administrative expenses	3	(19,374,265)	(4,126,786)
(Loss)/profit on ordinary activities before taxation	5	(10,379,710)	7,036,288
Taxation on (loss)/profit on ordinary activities	6	2,610,974	(2,136,292)
Retained (loss)/profit for the financial year	12	(7,768,736)	4,899,996

The company had no acquisitions or discontinued operations, and accordingly the above profit and loss account is in respect of continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

BALANCE SHEET
at 31 December 1999

	Note	1999 £	1998 £
Current assets:			
Mortgage advances	7	251,305,120	352,685,384
Debtors	8	5,361,000	-
Total current assets		256,666,120	352,685,384
Creditors: amounts falling due within one year	9	(257,618,224)	(345,868,752)
Net current assets		(952,104)	6,816,632
Capital and reserves:			
Called up share capital	11	2	2
Profit and loss account	12	(952,106)	6,816,630
Equity shareholders' funds	13	(952,104)	6,816,632

The accounts on pages 6 to 12 were approved by the Board of Directors on 11 February 2000 and were signed on its behalf by:



W G Thomas, Director

NOTES TO THE ACCOUNTS
for the year ended 31 December 1999

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently is set out below.

BASIS OF ACCOUNTING

The accounts are prepared in accordance with the historical cost convention.

TAXATION

Corporation tax is charged on the profit on ordinary activities for the year as adjusted for taxation purposes.

GOING CONCERN

The directors of the ultimate parent undertaking, Halifax Group plc, have agreed to the continued support of Birmingham Midshires Mortgage Asset (No. 6) Limited. Therefore the financial statements have been prepared on the going concern basis.

DEFERRED TAXATION

Provision is made using the liability method for deferred taxation only to the extent that such taxation will become payable in the foreseeable future.

PROVISION FOR LOSSES ON LOANS AND ADVANCES

Provision for losses on commercial assets, which include both those specifically identified and those provided for on a general basis, has been based upon a year end appraisal of the assets concerned. The amount charged to the profit and loss account represents losses written off in the period together with the increase in the ongoing provision less any releases. Interest charged to mortgage accounts relating to impaired loans which is considered to be irrecoverable is not recognised as interest receivable in the year.

TURNOVER

Turnover represents interest receivable, commissions and management fees earned from the company's principal activity in the United Kingdom.

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AMORTISATION OF FAIR VALUE

Mortgage advances acquired are included at their fair value. Where the fair value of such assets exceeds the acquired book value the resulting premium is also included in mortgage advances, and is amortised over the economic life of the assets as an adjustment to turnover.

CASH FLOW STATEMENT

Under FRS 1 (revised 1996) the company is exempt from requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking, and the consolidated financial statements of Halifax Group plc, in which the financial statements of the company are included, are publicly available.

2 INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
On group balances	16,190,199	25,575,856
	16,190,199	25,575,856

3 ADMINISTRATIVE EXPENSES

	1999	1998
	£	£
Audit fees	12,000	12,000
Loss provision	17,870,000	1,940,301
Other management costs	1,492,265	2,174,485
	19,374,265	4,126,786

4 DIRECTORS' EMOLUMENTS

None of the Directors received emoluments for their services in 1999 and 1998.

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999	1998
	£	£
This is stated after charging:		
Amortisation of fair value premium	1,601,735	2,177,000
Auditors' remuneration	12,000	12,000

Birmingham Midshires Mortgage Asset (No. 6) Limited

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
United Kingdom Corporation Tax charge at 30.25% (1998: 31%):	2,750,026	2,136,292
Deferred tax (see note 10)	(5,361,000)	-
	(2,610,974)	2,136,292

7 MORTGAGE ADVANCES

The advances are in general for a period of 15 to 25 years, are repayable in full at the end of that period and may be redeemed at any time at the option of the borrower.

	1999	1998
	£	£
Amounts falling due within one year:		
Advances secured on land	11,564,630	3,081,350
Amounts falling due after more than one year:		
Advances secured on land	260,242,403	353,089,594
	271,807,033	356,170,944
Loss provision	(20,501,913)	(3,485,560)
	251,305,120	352,685,384

The provision for losses includes £2,634,914 (1998: £1,545,259) charged to acquisition fair value.

8 DEBTORS

	1999	1999
	£	£
Deferred taxation (see note 10)	5,361,000	-
	5,361,000	-

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
Bank overdraft	1,106,485	112,973
Amounts owed to parent undertaking	253,728,048	343,498,947
Corporation tax	2,750,026	2,181,249
Other creditors	33,664	75,583
	257,618,224	345,868,752

Birmingham Midshires Mortgage Asset (No. 6) Limited**10 DEFERRED TAXATION**

Deferred taxation provided in the financial statements, and the potential liabilities as follows:

	1999 £	1999 £
Deferred taxation effect of timing differences due to short term timing difference on reserves	5,361,000	-

The movement on the deferred taxation debtor is as follows:

As at 1 January	-	-
Transferred to profit and loss account	5,361,000	-
At 31 December	5,361,000	-

11 CALLED UP SHARE CAPITAL

	1999 £	1998 £
Ordinary shares of £1 each:		
Authorised	100	100
Allotted, called up and fully paid	2	2

12 PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
At 1 January	6,816,630	1,916,634
(Loss)/profit for the financial year	(7,768,736)	4,899,996
At 31 December	(952,106)	6,816,630

13 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	1999 £	1998 £
(Loss)/profit for the financial year	(7,768,736)	4,899,996
Shareholder's funds at 1 January	6,816,632	1,916,636
Shareholder's funds at 31 December	(952,104)	6,816,632

14 RELATED PARTY TRANSACTIONS

Birmingham Midshires Mortgage Asset (No 6) Ltd, as a wholly owned subsidiary undertaking of Halifax Group plc, has prepared its financial statements in accordance with exemption contained in FRS 8, "Related Party Disclosures". Under this exemption the company has not disclosed details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements in which Birmingham Midshires Mortgage Asset (No 6) Ltd is included are publicly available.

15 PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Halifax Group Plc, which is registered in England and Wales and operates in the United Kingdom. Halifax Group Plc is the ultimate parent undertaking and heads the largest higher group of undertakings for which group accounts are drawn up and of which the company is a member. Halifax Plc, which is also registered in England and Wales and operates in the United Kingdom, is the company which heads the smallest higher group of undertakings for which group accounts are drawn up and which the company is a member.

Copies of the financial statements of Halifax Group Plc and Halifax Plc can be obtained from Trinity Road, Halifax, West Yorkshire, HX1 2RG, which is the principal place of business for both companies.