

FINANCE FOR MORTGAGES LIMITED

Directors' Report and Financial Statements
31 December 2005

Registered number 2220176



Company Information

Directors

Capita Trust Company Limited

Rosemary Prudence Thorne

Adrian Walton Gower

Christopher Patrick Willford

(Resigned 29 November 2005)

(Appointed 14 January 2005)

(Appointed 16 November 2005)

Company Secretary

Alan Forbes Shankley

Philip Kershaw

(Resigned 30 April 2006)

(Appointed 30 April 2006)

Registered Office

Endeavour House

1 Lyonsdown Road

New Barnet

Hertfordshire

EN5 1HU

Auditor

KPMG Audit Plc

1 The Embankment

Neville Street

Leeds

LS1 4DW

Directors' Report and Financial Statements

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Directors' Report for the year ended 31 December 2005

The Directors present their Report and Financial Statements for the year ended 31 December 2005.

Principal activity

The principal activity of Finance for Mortgages Limited ("the Company") is to act in an agency capacity, to enable the collection and distribution of cash from mortgage loans secured on residential property.

Business review

The results for the year are shown in the Income Statement on page 7. The result for the year ended 31 December 2005 was £nil (2004: profit £53).

Dividend

During the year the Company paid a dividend of £53 (2004: £nil).

Directors and their interests

The Directors who served during the year were as follows:

Rosemary Prudence Thorne	(Resigned 29 November 2005)
Capita Trust Company Limited	
Adrian Walton Gower	(Appointed 14 January 2005)
Christopher Patrick Willford	(Appointed 16 November 2005)

None of the Directors held any interest in the ordinary shares of the Company during the year or preceding year. Ms Thorne, Mr Willford and Capita Trust Company Limited also served as Directors of the Company's ultimate parent undertaking Spicedeck Limited. None of the Directors had an interest in the share or loan capital of Spicedeck Limited or of its subsidiaries

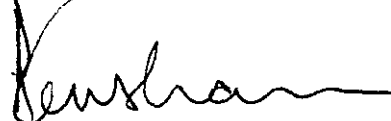
International Financial Reporting Standards

The Company has adopted International Financial Reporting Standards ("IFRS") with effect from 1 January 2005, and the 2004 comparative financial information has also been presented in accordance with IFRS; no adjustments were required to restate 2004 information from UK GAAP to IFRS.

Auditor

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Philip Kershaw
Company Secretary

19 October 2006

Statement of Directors' Responsibilities in respect of the Directors' Report and 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 the Directors have elected to prepare the Financial Statements in accordance with IFRS as adopted by the EU.

The Financial Statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Company and the performance for that period; the Companies Act 1985 provides in relation to such Financial Statements that references in the relevant part of that Act to Financial Statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the 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 they have been prepared in accordance with IFRS as adopted by the EU; 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 a 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 Auditor's Report to the Members of Finance for Mortgages Limited

We have audited the Financial Statements of Finance for Mortgages Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement 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 International Financial Reporting Standards ("IFRSs") as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 5.

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 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 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

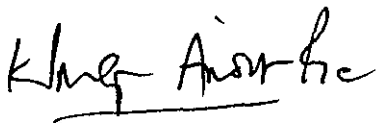
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and 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, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2005 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

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Neville Street
Leeds
LS1 4DW

Income Statement for the year ended 31 December 2005

	Note	2005 £	2004 £
Profit before taxation		-	-
Taxation	2	-	53
Profit for the financial year		<u>-</u>	<u>53</u>

The results above arise from continuing activities and are attributable to the equity shareholders.

The Company has no recognised income or expense other than that included in the Income Statement above, and therefore no separate Statement of Recognised Income and Expense has been presented.

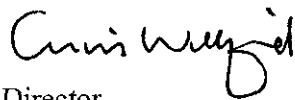

The notes on pages 11 to 13 form part of these Financial Statements.

Balance Sheet as at 31 December 2005

	Note	2005 £	2004 £
Non-current assets			
Trade and other receivables	5	1,000	1,053
Total assets		<u>1,000</u>	<u>1,053</u>
Equity			
Capital and reserves attributable to equity holders:			
Share capital	6	1,000	1,000
Retained earnings		-	53
Total equity		<u>1,000</u>	<u>1,053</u>

The notes on pages 11 to 13 form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors and authorised for issue on 19 October 2006 and signed on its behalf by:


 Director


19 October 2006

Statement of Changes in Equity for the year ended 31 December 2005

	Share Capital £	Retained Earnings £	Total Equity £
1 January 2004	1,000	-	1,000
Profit for the year	-	53	53
31 December 2004	<u>1,000</u>	<u>53</u>	<u>1,053</u>
Profit for the year	-	-	-
Dividends	-	(53)	(53)
31 December 2005	<u><u>1,000</u></u>	<u><u>-</u></u>	<u><u>1,000</u></u>

Cash Flow Statement for the year ended 31 December 2005

	2005	2004
	£	£
Cash flows from operating activities		
Profit for the financial year	-	53
<i>Adjustments for:</i>		
Income tax credit	-	(53)
Decrease in trade and other receivables	53	-
Net cash from operating activities	<u>53</u>	<u>-</u>
Cash flows from financing activities		
Dividends paid	(53)	-
Net cash from financing activities	<u>(53)</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 December 2005

1. Significant accounting policies

Finance for Mortgages Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 1985 and registered in England and Wales.

(a) Statement of compliance

The Company Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The Company is preparing its Financial Statements in accordance with Adopted IFRSs for the first time and consequently has applied IFRS 1. On transition to Adopted IFRSs no adjustments were required to restate the Company's 2004 financial information, including its opening Balance Sheet.

(b) Basis of preparation

The Financial Statements are prepared on the historical cost basis.

The Financial Statements are presented in pounds sterling, which is the currency of the Company's primary operating environment.

The Directors consider that the accounting policies set out below are the most appropriate to the Company's circumstances. These accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements. The Company is required to establish its accounting policies as at 31 December 2005 and, in general, to apply them retrospectively to the whole of 2004 and 2005, and in determining the opening Balance Sheet as at 1 January 2004.

The principal exception is that, as more fully explained in note 1(c), financial instruments accounting is determined on a different basis in 2004 and 2005 due to the transitional provisions of IAS 32 and IAS 39.

(c) Trade and other receivables

2005

Trade and other receivables are measured at amortised cost. Amortised cost is the amount measured at initial recognition, adjusted for subsequent principal and other payments, less cumulative amortisation calculated using the effective interest rate ("EIR") method. The EIR basis spreads interest over the expected life of the loan.

2004

Trade and other receivables are stated at cost.

Notes to the Financial Statements for the year ended 31 December 2005 (continued)

2 Taxation

	2005 £	2004 £
a) Current taxation credit:		
Adjustment in respect of previous years	<u>-</u>	<u>53</u>
b) The 2005 current taxation credit of nil (2004: £53) is reconciled to the standard UK corporation tax rate as follows		
UK corporation tax at 30%	-	-
Adjustments in respect of previous years	<u>-</u>	<u>53</u>
Current tax credit for the year	<u><u>-</u></u>	<u><u>53</u></u>

3 Dividends

Dividends recognised in the year were as follows:

5.3p per share (2004: £nil) per ordinary share	<u>53</u>	<u>-</u>
	<u><u>53</u></u>	<u><u>-</u></u>

After the balance sheet date no further dividends were proposed by the Directors (2004: £nil).

4 Employees and Directors' emoluments

There were no employees during the period and none of the Directors received emoluments in respect of their services to the Company.

5 Trade and other receivables

	2005 £	2004 £
Amounts owed from Group undertaking	945	998
Other debtors	<u>55</u>	<u>55</u>
	<u><u>1,000</u></u>	<u><u>1,053</u></u>

All debtors are interest free and their fair value is considered to be equal to the carrying value because they are repayable on demand. Total debtors represents the Company's maximum exposure to credit risk.

Notes to the Financial Statements for the year ended 31 December 2005 (continued)

6 Share capital

	2005	2004
	£	£
Authorised, issued and fully paid as at 1 January and 31 December		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

7 Ultimate parent undertaking

The immediate parent undertaking of Finance for Mortgages Limited is Mortgage Express Holdings Limited, a Company incorporated in and registered in England and Wales. The undertaking regarded by the Directors as the ultimate parent undertaking is Spicedeck Limited, registered in England and Wales, and registered under the Companies Act 1985.

The only group of which Finance for Mortgages Limited is a member and whose consolidated accounts are prepared is that headed by Spicedeck Limited. Copies of these accounts can be obtained from the Secretary, Spicedeck Limited, Endeavour House, 1 Lyonsdown Road, New Barnet, Herts, EN5 1HU.

8 Related party disclosures

The Company's key management personnel are its Directors.

The Company had no transactions with its key management personnel or other related parties during the financial year or the preceding financial year.

Details of balances with other Group undertakings are shown in note 5.