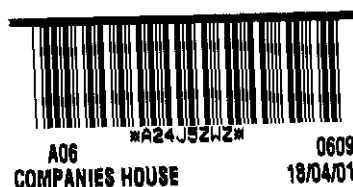


SCOTLIFE HOMELOANS (No.2) LIMITED

REPORT AND ACCOUNTS 2000

Registered number
2220177



Registered office

Endeavour House
1 Lyonsdown Road
New Barnet
Herts EN5 1HU

Directors' report and financial statements

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Directors' report for the year ended 31 December 2000

Principal activity

The company's principal activity is to act in an agency capacity, to enable the collection and distribution of cash from mortgage loans secured on residential properties.

Result

The result for the year ended 31 December 2000 was £Nil (1999: £Nil).

Payment policy

Standard terms provide for payment of all invoices within 30 days after the date of the invoice, except where different arrangements have been agreed with suppliers. It is the policy of the company to abide by the agreed terms of payment.

Directors

The directors in office at 31 December 2000, who served during the year, were as follows:

David Roger Finney
Peter Michael Hills
Bryan Donald Needham
John Arthur William Smith
Rosemary Prudence Thorne

John Arthur William Smith resigned his directorship on the 4 January 2000 and was replaced by Rosemary Prudence Thorne. David Roger Finney resigned his directorship on the 28 March 2000 and was replaced by Peter Michael Hills.

No director had any interest in the share capital of the company or in share or loan capital of any other company in the group at any time during the year under review.

Auditors

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 is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Alan Forbes Shankley
Company Secretary

27th February 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 applicable 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 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 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.

KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW

Auditors' report to the members of Scotlife Home Loans (No.2) Limited

We have audited the financial statements on pages 6 to 9.

Respective responsibilities of directors and auditor

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 required for our audit, or if information specified by law regarding directors' remuneration and transaction with the company 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 assurances 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 31 December 2000 and of its result 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
Registered Auditor

27th February 2001

Profit and loss account for the year ended 31 December

During the financial year and the preceding financial year, the company received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

SCOTLIFE HOMELOANS (No.2) LIMITED

Balance sheet at 31 December

	Notes	31 December 2000 £	31 December 1999 £
Current assets			
Debtors	3	1,219	1,000
Creditors: amounts falling due within one year	4	(219)	-
Net assets		<u>1,000</u>	<u>1,000</u>
Capital and reserves			
Called up share capital	5	<u>1,000</u>	<u>1,000</u>
Shareholders' funds	6	<u>1,000</u>	<u>1,000</u>

The notes on pages 8 to 9 form part of these financial statements

Approved by the Board on 27th February 2001 and signed on its behalf.

 ROSEMARY P THORNE - Director

Notes to the financial statements for the year ended 31 December 2000

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements are consistently prepared on the historical cost basis of accounting, and are prepared in accordance with applicable accounting standards. The financial statements are prepared on a going concern basis.

Taxation

Corporation tax payable and any group relief arising is provided at the current rate on the taxable profit for the year.

Deferred tax

Deferred tax is provided at the appropriate rates of tax where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Cash flow statement

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statement.

Related Party Transaction

As permitted by Financial Reporting Standard No 8 the company is exempt from providing full details of its transactions with entities included within the group of its ultimate parent company, Spicedeck Limited, as more than 90% of the company's share capital is held by the group. The consolidated financial statements, within which this company is included, can be obtained from the address given in note 8.

2. Employees' and directors' emoluments

There were no employees during the year and none of the directors received emoluments in respect of their services to the company.

3. Debtors

	31 December 2000 £	31 December 1999 £
Other debtors	221	2
Amounts owed from parent undertakings	998	998
	<u>1,219</u>	<u>1,000</u>

SCOTLIFE HOMELOANS (No.2) LIMITED

4. Creditors

	31 December 2000 £	31 December 1999 £
Other Creditors	(219)	-

5. Called up share capital

	31 December 2000 £	31 December 1999 £
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	1,000	1,000

6. Shareholders' funds

	31 December 2000 £	31 December 1999 £
Profit for the financial period	-	-
Net addition to shareholders' funds	-	-
Opening shareholders' funds	1,000	1,000
Closing shareholders' funds	1,000	1,000

7. Related party disclosures

The company is controlled by Mortgage Express Holdings, which owns 90% of the voting rights of the company.

The ultimate controlling party is Spicedeck Limited through its indirect ownership of Mortgage Express Holdings.

8. Ultimate parent undertaking

The company regarded by the directors as the immediate holding company is Mortgage Express Holdings, which is registered in England and Wales. The company regarded by the directors as the ultimate parent undertaking is Spicedeck Limited, registered in England and Wales, the whole of whose share capital is held by Royal Exchange Trust Company Limited on trust for charitable purposes.

Spicedeck Limited is the parent company of the largest group of companies for which group accounts are prepared. Copies of these accounts may be obtained from the Secretary, Spicedeck Limited, Endeavour House, 1 Lyonsdown Road, New Barnet, Herts EN5 1HU. No other group accounts include the results of the company.