

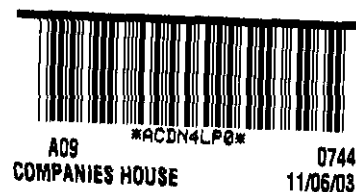
SCOTLIFE HOMELOANS (No.2) LIMITED

REPORT AND ACCOUNTS 2002

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 2002

Principal activity

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

Result

The company has not traded during the year.

Directors

The directors in office at 31 December 2002, who served during the year, were as follows:

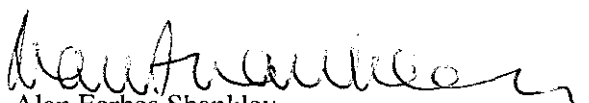
Peter Michael Hills
Bryan Donald Needham
Rosemary Prudence Thorne

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
17/02/2003

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 year. 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.

Independent auditor's report to the members of Scotlife Homeloans (No.2) Limited

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

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 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 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 transactions with the company is not disclosed.

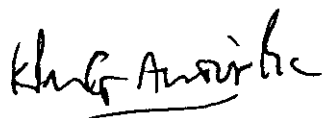
Basis of audit opinion

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 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 2002 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

17/2 2003

1 The Embankment
Neville Street
Leeds
LS1 4DW

Profit and loss account for the year ended 31 December 2002

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	2002 £	2001 £
Current assets			
Debtors	3	1,219	1,219
Creditors: amounts falling due within one year	4	(219)	(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 17/02/2003 and signed on its behalf.

Rosemary Thorne

ROSEMARY P THORNE - Director

Notes to the financial statements for the year ended 31 December 2002

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 and any group relief arising is provided at the current rate on the taxable profit for the period. The charge for taxation is based on profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provisions are made for deferred tax in accordance with Financial Reporting Standard No.19 "Deferred Tax".

Cash flow statement

Under Financial Reporting Standard No.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 statements.

Related parties

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 7.

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 2002 £	31 December 2001 £
Other debtors	221	221
Amounts owed from group undertakings	998	998
	<u>1,219</u>	<u>1,219</u>

SCOTLIFE HOMELOANS (No.2) LIMITED

4. Creditors

	31 December 2002 £	31 December 2001 £
Other Creditors	<u>(219)</u>	<u>(219)</u>

5. Called up share capital

	31 December 2002 £	31 December 2001 £
Authorised		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

6. Shareholders' funds

	31 December 2002 £	31 December 2001 £
Opening and closing shareholders' funds	<u>1,000</u>	<u>1,000</u>

7. 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.