

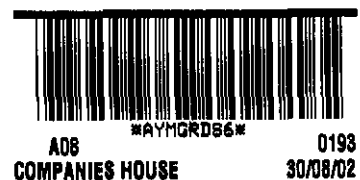
AMBER HOMELOANS LIMITED

(FORMERLY KNOWN AS STROUD AND SWINDON MORTGAGE COMPANY (NO 2) LIMITED)

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER 2001

(Registered Number 2819645)



AMBER HOMELOANS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 31st December 2001.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the company is the advance of loans secured on residential property and will continue to be so for the foreseeable future.

BUSINESS REVIEW

The results for the year are shown in the profit and loss account and notes thereto. No interim dividend has been paid during the year (2000: £nil). The directors do not recommend the payment of a final dividend (2000: £nil).

On 4th June 2001, the company became incorporated under the name of Amber Homeloans Limited, having changed its name from Stroud and Swindon Mortgage Company (No 2) Limited, which was previously dormant. The company began trading on 1st August 2001.

The company acquired three subsidiaries, Skipton Mortgages Limited, Mortgage Marque Limited and Skipton Mortgage Corporation Limited, during the year from Skipton Building Society. The company also acquired a mortgage book during the year, for £131,057,388 from GMAC.

CREDITOR PAYMENT POLICY AND PAYMENT DAYS

The company's policy concerning the payment of suppliers for the next financial year is to agree terms of payment in advance and to make payment in accordance with those agreed terms and any other legal obligations. At 31st December 2001 creditor days were 0 days (2000 : 0 days).


DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year were:

J H Parker (resigned 22 May 2001)
M J Jarratt (resigned 22 May 2001)
R C Johnson (resigned 22 May 2001)
R L Payne (resigned 22 May 2001)
J G Goodfellow (appointed 22 May 2001)
R J McCormick (appointed 22 May 2001)
G Jolly (appointed 22 May 2001)
A S Macdonald (appointed 22 May 2001)

Mr J G Goodfellow and Mr R J McCormick are also directors of the ultimate parent undertaking, Skipton Building Society. Their interests in the shares of group companies are not required to be recorded in the register maintained by this company. The other directors of the company as at 31st December 2001 had no interest in the shares of any group undertaking at any time during the year.

By Order of the board


J W Dawson
Secretary

28th January 2002

AMBER HOMELOANS LIMITED

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 or 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; and
- 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 have general responsibility for taking such steps which 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 AMBER HOMELOANS LIMITED

We have audited the financial statements on pages 4 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 2, 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 are 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 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 at 31st December 2001 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
Registered Auditor
Leeds

28th January 2002

AMBER HOMELOANS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Interest receivable	2	3,463,768	-
Interest payable	3	(2,902,663)	-
Net interest receivable		561,105	-
Other income and charges	4	(41,831)	-
		519,274	-
Administrative expenses		(652,072)	-
		(132,798)	-
Provisions for bad and doubtful debts		(115,369)	-
Loss on ordinary activities before taxation	5	(248,167)	-
Taxation on loss on ordinary activities	7	(89,131)	-
Loss on ordinary activities after taxation		(337,298)	-
Retained loss brought forward		(33,141)	-33,141
Retained loss carried forward		(370,439)	-33,141

The loss for the financial year was derived wholly from continuing operations.

There were no recognised gains or losses in the current year (2000: £nil) other than those reflected in the above profit and loss account.

The profit and loss account is prepared on an unmodified historical cost basis.

The notes on pages 6 to 10 form part of these accounts.

AMBER HOMELOANS LIMITED

BALANCE SHEET

AT 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Fixed assets			
Investment in subsidiary undertakings	13	3,051,326	-
Current assets			
Debtors			
Amounts falling due within one year	8	3,336,832	-
Amounts falling due after one year	8	273,751,679	-
Cash at bank and in hand		1,916,786	-
		279,005,297	-
Creditors: Amounts falling due within one year	9	(4,450,666)	(33,139)
Net current assets		274,554,631	(33,139)
Creditors: Amounts falling due after one year	10	(274,302,264)	-
Net assets		3,303,693	(33,139)
Capital and reserves			
Called up equity share capital	11	3,674,132	2
Profit and loss account		(370,439)	(33,141)
Equity shareholders' funds	12	3,303,693	(33,139)

A reconciliation of the movement in shareholders' funds is given in note 12.

These accounts were approved by the board of directors on 28th January 2002.

G Jolly

)

) Directors

A S Macdonald

)

The notes on pages 6 to 10 form part of these accounts.

AMBER HOMELOANS LIMITED

NOTES TO THE ACCOUNTS

1. Principal accounting policies

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

(a) Basis of accounting

These accounts are drawn up under the historic cost convention and in accordance with applicable accounting standards.

(b) Provisions for loans and advances

Provisions are made to reduce the value of advances and loans to the amount which the Directors consider is likely ultimately to be received.

(c) Interest

Receipts and payments of interest are accounted for on an accruals basis.

(d) Deferred taxation

Provision is made using the liability method for taxation which is deferred as a result of items included in these accounts being dealt with in a different period for taxation purposes only to the extent that it is likely that such taxation will become payable in the foreseeable future.

(e) Mortgage portfolio premiums

Premiums paid on the acquisition of mortgage assets are charged against interest receivable over the estimated economic life of the asset.

(f) Related party transactions

Under Financial Reporting Standard No 8 ("FRS8"), the company is exempt from the requirement to disclose transactions with entities within the Skipton Building Society group as all of its voting rights are controlled by Skipton Building Society, whose group annual report and accounts are publicly available.

(g) Cash flow statement

Under Financial Reporting Standard No 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement as all of its voting rights are controlled by Skipton Building Society, whose group annual report and accounts are publicly available.

(h) Mortgage indemnity guarantee ('MIG')

It is the company's policy to require mortgage indemnity insurance where an advance will result in a loan to value in excess of a certain percentage. Under the terms of its insurance contract, the company retains some of the risk of loss, it assesses the risk accepted and estimates an appropriate charge for that risk. The amount of the charge is set aside from the total premium and is treated as deferred income and is recognised as income over the life of the mortgage so as to reflect the company's estimate of the reduction in the risk on advances remaining outstanding.

(i) Mortgage incentives

Cashbacks, interest discounts and other incentives are charged against interest receivable in the year incurred.

(j) Basis of consolidation

In accordance with Financial Reporting Standard No. 2 (Accounting for Subsidiary Undertakings), and the Companies Act 1989 Section 228, the company takes advantage of the exemption from producing consolidated group accounts, as a wholly owned subsidiary of an EU registered undertaking. Consolidated group accounts are prepared by the company's ultimate parent company as detailed in note 15.

AMBER HOMELOANS LIMITED

NOTES TO THE ACCOUNTS

2. Interest receivable

	2001	2000
	£	£
On secured advances	4,060,975	-
Amortisation of premium on acquisition of mortgage portfolios	(541,199)	-
Mortgage incentives	(5,940)	-
Net (charge)/income on hedging instruments	(50,068)	-
	3,463,768	-

Fixed and capped rate mortgage products are hedged by Skipton Building Society on behalf of the company.

3. Interest payable

	2001	2000
	£	£
Interest payable to group undertakings	2,902,663	-
	2,902,663	-

4. Other income and charges

	2001	2000
	£	£
Waiver of outstanding loan balance	33,141	-
Fees and commissions receivable	31,532	-
Sundry income	126,944	-
Procurator fees payable	(233,448)	-
	(41,831)	-

5. Profit on ordinary activities before taxation

	2001	2000
	£	£
The profit on ordinary activities before taxation is stated after charging the following:		
Management charge (including employee costs)	65,585	-
Auditors' and their associates' remuneration and expenses:		
For audit work	2,639	-
For non - audit work	-	-

6. Staff numbers

The average number of persons employed by the company (including directors) during the year was as follows:

	2001	2000
Directors	4	4
	4	4

The aggregate remuneration paid to the directors in the year was £nil (2000: £nil).

AMBER HOMELOANS LIMITED

NOTES TO THE ACCOUNTS

7. Taxation on loss on ordinary activities

	2001	2000
	£	£
The taxation charge for the year comprises:		
UK corporation tax calculated at 30% on the profit for the year for taxation purposes	(89,131)	-
Adjustment relating to prior year	-	-
	(89,131)	-

8. Debtors

	2001	2000
	£	£
Amounts falling due within one year are:		
Advances secured on residential property	2,259,955	-
Premium on acquisition	753,453	-
Other debtors	323,424	-
	3,336,832	-

Amounts falling due after more than one year are:

Advances secured on residential property	272,280,103	-
Premium on acquisition	1,444,118	-
Other debtors	27,458	-
	273,751,679	-

Advances secured on residential property comprise capital advances. By their nature these advances are repayable over a period of not more than 25 years, and they are stated after making a specific provision of £9,644 (2000: £nil) and a general provision of £110,000 (2000: £nil) against mortgage accounts in arrears and possession.

9. Creditors: Amounts falling due within one year

	2001	2000
	£	£
Amounts owed to parent undertaking	2,363,744	33,139
Accruals and deferred income	1,938,275	-
Corporation tax	148,647	-
	4,450,666	33,139

10. Creditors: Amounts falling due after more than one year

	2001	2000
	£	£
Amounts falling due between one and five years are:		
Amounts owed to parent undertaking	11,449,553	-
	11,449,553	-
Amounts falling due after more than five years are:		
Amounts owed to parent undertaking	262,852,711	-
	262,852,711	-
	274,302,264	-

The loan from the parent undertaking is to fund the advances of loans secured on residential property and is therefore long term in nature. The loan bears interest at variable rates as advised by the parent undertaking.

AMBER HOMELOANS LIMITED

NOTES TO THE ACCOUNTS

11. Equity share capital	2001	2000
	£	£
Authorised, allotted, called up and fully paid share capital		
3,674,132 ordinary shares of £1 each	3,674,132	2
	3,674,132	2

3,674,130 £1 shares were issued on 31st July 2001 at par.

12. Reconciliation of movement in shareholders' funds	2001	2000
	£	£
At 1st January	(33,139)	(33,139)
Share capital issued in the year	3,674,130	
Loss for the financial year	(337,298)	-
At 31st December	3,303,693	(33,139)

13. Investment In Subsidiary Undertakings	2001	2000
	£	£
Cost		
Additions	3,051,326	-
At 31st December	3,051,326	-

No provisions have been held against the investments in subsidiary undertakings during the period to 31 December 2001.

Name of subsidiary undertakings	Principal activity	Types of shares held	Proportion of shares held
Skipton Mortgages Limited	Mortgage Lender	Ordinary shares	100% Direct
Mortgage Marque Limited	Mortgage Lender	Ordinary shares	100% Direct
Skipton Mortgage Corporation Limited	Mortgage Lender	Ordinary shares	100% Direct

All the above bodies are incorporated and registered in England and operate in the United Kingdom.

All subsidiary undertakings are limited by shares.

All subsidiary undertakings were acquired from Skipton Building Society on 31 July 2001.

The individual results of the subsidiary undertakings have not been separately disclosed in compliance with Financial Reporting Standard No. 3 Reporting Financial Performance, on the grounds that there is no contribution to the company's results in the absence of consolidated group accounts. The financial year of all companies is 31 December.

14. Deferred Taxation

The potential deferred taxation asset at 30% (2000: 30%) comprises:

	2001	2000
	Amount	Amount
	Unprovided	Unprovided
	£	£
General Mortgage Provision	33,000	-
	33,000	-

AMBER HOMELOANS LIMITED

NOTES TO THE ACCOUNTS

15. Ultimate parent undertaking

The company is a wholly owned subsidiary of Skipton Building Society, which is registered in the United Kingdom. A copy of the group annual report and accounts into which the results of this company are consolidated is available from :-

The Secretary,
Skipton Building Society,
The Bailey,
Skipton,
North Yorkshire,
BD23 1DN.