

**TMC TATTENHAM NO. 1 PLC**

**Report and Financial Statements**

**Year ended 30 September 2009**

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## **DIRECTORS' REPORT**

The directors present their annual report and the audited Financial Statements of TMC Tattenham No 1 PLC ('the Company'), registration no 3517213, for the year ended 30 September 2009

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The Company is a wholly owned subsidiary of Mortgage Trust Services PLC. The Company's ultimate parent company and ultimate controlling party is The Paragon Group of Companies PLC ('the Group'). The Company was established for the sole purpose of issuing floating rate notes secured by pools of residential mortgages.

On 7 April 2006 the Company was acquired by Mortgage Trust Services PLC from The Mortgage Corporation. A consideration of £1,493,000 was paid.

The principal activity of the Company was the ownership of pools of residential mortgages. The majority of loans were sold to another group company. The Company retained the remaining loans and will continue to actively collect on these loans.

The Company's profit and loss account is shown on page 5. The result after tax has improved from a retained loss of £4,000 to a retained profit of £1,000.

The balance sheet on page 6 of the financial statements shows that the Company's financial position at the year end. Net assets have increased due to the retained profit for the year. Details of amounts owed to other group companies are shown in note 11.

The directors recommend no final dividend (2008: £nil) which, given the interim dividend of £nil per share (2008: £2.80 per ordinary share), means a total dividend for the year of £nil per share (2008: £2.80 per ordinary share).

The Group manages its operations on a centralised basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group's mortgage lending operation, which includes the Company, is discussed in the Group's Annual Report, which does not form part of this Report.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's primary financial assets and liabilities are with other group companies, therefore the directors do not consider that the Company is exposed to any significant cash flow, credit or liquidity risks.

After considering the above, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual accounts.

### **ENVIRONMENT**

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's Annual Report, which does not form part of this Report.

### **EMPLOYEES**

The Company has no employees. All operational services are provided by employees of the Group. The Group's employment policies are described in its Annual Report, which does not form part of this Report.

### **DIRECTORS**

The directors throughout the year and subsequently were:

N Keen

R D Shelton

J G Gemmell

### **CREDITOR PAYMENT POLICY**

The Company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier. The trade creditor days figure has not been stated as the measure is not appropriate to the business.

**DIRECTORS' REPORT (CONTINUED)**

**AUDITORS**

The directors have taken all necessary steps to make themselves and the Company's auditors aware of any information needed in preparing the audit of the Annual Report and Financial Statements for the year, and, as far as each of the directors is aware, there is no relevant audit information of which the auditors are unaware

A resolution for the re-appointment of Deloitte LLP as the auditors of the Company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, consisting of a stylized 'J' followed by a long horizontal stroke.

J G Gemmell

Secretary,

26 February 2010

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**in relation to Financial Statements**

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TMC TATTENHAM NO. 1 PLC**

We have audited the financial statements of TMC Tattenham No 1 PLC for the year ended 30 September 2009 which comprise the profit and loss account, the balance sheet, the statement of movement in shareholders' funds and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with section 495 and 496 of the Companies Act 2006. 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 auditors' 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**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Matthew Perkins (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Birmingham, United Kingdom

26 February 2010

**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 SEPTEMBER 2009**

	<b>Note</b>	<b>2009 £000</b>	<b>2008 £000</b>
Interest receivable	3	26	40
Interest payable and similar charges	4	(25)	(38)
Net interest income		<u>1</u>	<u>2</u>
Operating expenses		-	(3)
Operating profit / (loss), being profit / (loss) on ordinary activities before taxation	6	<u>1</u>	<u>(1)</u>
Tax on profit /(loss) on ordinary activities	7	-	(3)
Profit / (loss) on ordinary activities after taxation	10	<u><u>1</u></u>	<u><u>(4)</u></u>

All activities derive from continuing operations

There are no recognised gains or losses other than the profit for the current year and the loss for the preceding year

**STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS****YEAR ENDED 30 SEPTEMBER 2009**

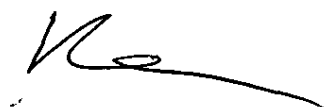
	<b>2009 £000</b>	<b>2008 £000</b>
Loss attributable to shareholders	1	(4)
Dividend paid	-	(140)
Net movement in shareholders' funds	<u>1</u>	<u>(144)</u>
Opening shareholders' funds	21	165
Closing shareholders' funds	<u><u>22</u></u>	<u><u>21</u></u>

**BALANCE SHEET****30 SEPTEMBER 2009**

	Note	£000	2009 £000	£000	2008 £000
<b>ASSETS EMPLOYED</b>					
<b>CURRENT ASSETS</b>					
Debtors falling due within one year	8		451		426
<b>FINANCED BY</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Called up share capital	9	12		12	
Profit and loss account	10	10		9	
			22		21
<b>CREDITORS</b>					
Amounts falling due within one year	11		429		405
			451		426

These financial statements were approved by the Board of Directors on 26 February 2010

Signed on behalf of the Board of Directors



R D Shelton

Director

**NOTES TO THE ACCOUNTS****YEAR ENDED 30 SEPTEMBER 2009****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable UK Accounting Standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the current and preceding year. The financial statements have been prepared on a going concern basis as described in the Directors' Report.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Transactions with other group companies**

The Company has taken advantage of the exemption granted by Financial Reporting Standard 8 - 'Related Party Disclosures' and does not therefore provide details of transactions with other group companies as it is a wholly owned subsidiary of The Paragon Group of Companies PLC, the accounts of which are publicly available.

**Current tax**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Cash flow statement**

The Company has taken advantage of the exemption granted by Financial Reporting Standard 1 - 'Cash Flow Statements' and does not therefore provide a cash flow statement as it is a wholly owned subsidiary of The Paragon Group of Companies PLC, the accounts of which are publicly available.

**2. FINANCIAL RISK MANAGEMENT**

The Company's primary financial assets and liabilities are with other group companies, therefore the directors do not consider that the Company is exposed to any significant cash flow, credit or liquidity risks.

**3. INTEREST RECEIVABLE**

Interest receivable includes £26,000 (2008 £40,000) in respect of interest received on the loans to other group companies.

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £000	2008 £000
Internal funding costs	25	38

**5. DIRECTORS AND EMPLOYEES**

Directors' received no remuneration from the Company during either the current or the preceding year.

The Company had no employees in the current or preceding year. All administration is performed by employees of the Group. The directors of the Company are all employed by Paragon Finance PLC, a fellow group company, and their remuneration is disclosed within the financial statements of that company, which do not form part of this Report.

## NOTES TO THE ACCOUNTS

## YEAR ENDED 30 SEPTEMBER 2009

## 6. OPERATING PROFIT / (LOSS), BEING PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company's audit fee of £1,000 (2008 £1,000) was paid by Mortgage Trust Services PLC. Non audit fees provided to the group are disclosed in the accounts of the parent company and the exemption from disclosure of fees payable to the Company's auditors in respect to non-audit services in these financial statements has been taken.

## 7. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

## a) Tax charge for the year

	2009 £000	2008 £000
Current tax		
Corporation tax	-	-
Prior year charge	-	3
	<u>-</u>	<u>3</u>

## b) Factors affecting the current tax charge

	2009 £000	2008 £000
Profit / (loss) before tax	1	(1)
UK corporation tax at 28% (2008 29%) based on the profit / (loss) for the year	<u>-</u>	<u>-</u>
Effects of		
Prior year charge	-	3
	<u>-</u>	<u>3</u>

The United Kingdom government has enacted provisions which reduced the standard rate of corporation tax to 28% with effect from 1 April 2008. Therefore the standard rate of corporation tax applicable to the Group was 29% in the year ending 30 September 2008 and 28% in the year ending 30 September 2009. It is expected to remain at 28% in all future periods.

**NOTES TO THE ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2009**

**8. DEBTORS**

	<b>2009 £000</b>	<b>2008 £000</b>
Amounts falling due within one year		
Amounts due from group companies	451	426

The fair value of the above items are not considered to be materially different to their carrying values

**9. CALLED UP SHARE CAPITAL**

	<b>2009 £</b>	<b>2008 £</b>
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted		
50,000 ordinary shares of £1 each (25p called up and paid)	12,500	12,500

**10 RESERVES**

	<b>Profit and loss account £000</b>
At 1 October 2007	153
Loss for the financial year	(4)
Dividend paid	(140)
At 30 September 2008	9
Profit for the financial year	1
At 30 September 2009	10

An interim dividend of £nil (2008 £2 80) per ordinary share was paid during the year No final dividend is proposed (2008 £nil)

**NOTES TO THE ACCOUNTS****YEAR ENDED 30 SEPTEMBER 2009****11. CREDITORS**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due within one year		
Amounts owed to group companies	429	405
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**12. ULTIMATE PARENT COMPANY**

The Company's immediate parent undertaking is Mortgage Trust Services PLC. The Company's ultimate parent company and ultimate controlling party is The Paragon Group of Companies PLC, a company registered in England and Wales. The smallest and largest groups into which the Company is consolidated in is The Paragon Group of Companies PLC.

Copies of the Group's financial statements are available from that company's registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.