

Company number: 3701693

**TMC TATTENHAM NO. 2 PLC**

**ANNUAL REPORT**

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**FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004**



# **TMC TATTENHAM NO. 2 PLC**

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# **TMC TATTENHAM NO. 2 PLC**

## **COMPANY INFORMATION**

### **Directors**

R G Baker  
M McDermott  
C F Holmes  
SPV Management Limited

### **Secretary**

A J Warren

### **Company Number**

3701693

### **Registered Office**

St Catherine's Court  
Herbert Road  
Solihull  
West Midlands  
B91 3QE

### **Registered auditors**

Deloitte & Touche LLP  
Birmingham

### **Bankers**

Barclays Bank PLC  
Financial Services and Structured Finance Team  
PO Box 544  
54 Lombard Street  
London  
EC3P 3AH

# **TMC TATTENHAM NO. 2 PLC**

## **REPORT OF THE DIRECTORS**

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### **FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004**

The directors present their report on the affairs of the company, together with the audited financial statements of the company for the period ended 30 September 2004. The previous period is for 12 months ended 31 December 2003.

#### **Principal activity and business review**

The company was established for the sole purpose of issuing floating rate notes secured by pools of residential mortgages.

The principal activity during the period was the ownership of pools of residential mortgages.

On 30<sup>th</sup> June The Mortgage Corporation ("TMC"), the original servicer of the company delegated its servicing responsibilities to the Mortgage Trust group of companies ("MTL"). MTL are remunerated for this service under an administration agreement with TMC and are not remunerated directly by the company.

The results for the period are set out in detail on page 5. The directors recommend a proposed dividend for the period of £975,000 (2003: year £1,620,000).

#### **Directors' and their interests**

The directors who served during the period and up to the date of this report were as follows:

R G Baker  
C F Holmes  
M McDermott  
SPV Management Limited

K C Barrett resigned as an alternate director to C F Holmes on 30 March 2005.

The company is a wholly owned subsidiary of Zophonus Limited, of which R G Baker, C F Holmes, SPV Management Limited, M McDermott and K C Barrett (as an alternate director for C F Holmes) are directors.

According to the Register of Directors' Interests, none of the directors had, at any time during the period, any interests in the share capital of the company or group. M McDermott is a director of SPV Management Limited. Under the terms of a Corporate Services Agreement, SPV Management Limited is contracted to receive fees of £12,000 per annum.

#### **Creditor payment policy**

The company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations.

Due to the nature of the business, the main creditors are the noteholders. Principal and interest is repaid monthly on the due date in accordance with the agreements in place.

#### **Auditors**

At an extraordinary general meeting of the company on 21 December 2004, KPMG Audit Limited resigned as auditors and were replaced by Deloitte and Touche LLP. A resolution to reappoint Deloitte and Touche LLP as auditors will be proposed at the annual general meeting of the company.

## **TMC TATTENHAM NO. 2 PLC**

### **REPORT OF THE DIRECTORS (Continued)**

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### **FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004**


#### **Statement of directors' responsibilities**

UK 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 as at the end of the financial year 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 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.

**By order of the Board**



**SPV MANAGEMENT LIMITED**

**M Filer**

**For and on behalf of**

**SPV Management Limited**

**Director**

**29 April 2005**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TMC TATTENHAM NO. 2 PLC**

We have audited the financial statements of Tattenham No. 2 PLC for the 9 month period ended 30 September 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 30 September 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Michael J. Bourne LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Birmingham

29 April 2005

**TMC TATTENHAM NO. 2 PLC**

**PROFIT AND LOSS ACCOUNT**

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**FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004**

		<b>9 months to 30 Sep 2004 £'000</b>	<b>Year to 31 Dec 2003 £'000</b>
	<b>Notes</b>		
Interest receivable			
Mortgages		<b>3,429</b>	5,751
Other	<b>3</b>	<u><b>200</b></u>	<u>311</u>
		<b>3,629</b>	6,062
 Interest payable and similar charges	 <b>4</b>	 <u><b>(2,421)</b></u>	 <u><b>(3,782)</b></u>
Net interest income		<b>1,208</b>	2,280
 Operating expenses		 <b>(67)</b>	 (119)
Provision for losses		<u><b>252</b></u>	<u>-</u>
 Operating profit on ordinary activities before taxation	 <b>5</b>	 <b>1,393</b>	 2,161
 Tax on profit on ordinary activities	 <b>6</b>	 <u><b>(418)</b></u>	 <u>(642)</u>
Profit on ordinary activities after taxation		<b>975</b>	1,519
 Dividends	 <b>7</b>	 <u><b>(975)</b></u>	 <u>(1,620)</u>
Retained profit / (loss) for the financial period / year	<b>11</b>	<u><u><b>-</b></u></u>	<u><u>(101)</u></u>

The company has no recognised gains or losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

# TMC TATTENHAM NO. 2 PLC

## BALANCE SHEET

AS AT 30 SEPTEMBER 2004

	Notes	2004 £'000	2003 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Mortgage advances	8	<u>57,801</u>	<u>72,334</u>
<b>Current assets</b>			
Debtors	9	42	71
Cash at bank and in hand		<u>5,307</u>	<u>6,504</u>
		<u>5,349</u>	<u>6,575</u>
<b>Total assets</b>		<u><b>63,150</b></u>	<u><b>78,909</b></u>
<b>LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	10	12	12
Profit and loss account	11	-	-
<b>Equity shareholders' funds</b>	12	<u>12</u>	<u>12</u>
<b>Creditors</b>			
Amounts falling due within one year	13	1,852	2,300
Amounts falling due after more than one year	14	<u>61,286</u>	<u>76,597</u>
<b>Total liabilities and capital</b>		<u><b>63,150</b></u>	<u><b>78,909</b></u>

The financial statements on pages 5 to 15 were approved by the Board on 29 April 2005 and signed on its behalf by:

  
for **SPV MANAGEMENT LIMITED**

M Filer  
For and on behalf of  
SPV Management Limited  
Director



# **TMC TATTENHAM NO. 2 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004**

#### **1. Restriction on operations**

The company was established for the sole purpose of issuing floating rate notes secured by pools of residential mortgages.

The ability of the company to engage in any activity other than those associated with the purchase and servicing of the pool of mortgages is restricted by agreements entered into by the company with, among others, TMC and Chase Manhattan Trustees Limited in its capacity as Trustee for the noteholders.

Under the terms of the servicing agreement, the company and the Trustee each appointed TMC to service the mortgages under the floating rate notes.

The assets of the company are subject to a fixed and floating charge in favour of the Trustee for the noteholders.

#### **2. Principal accounting policies**

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

##### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

##### **Servicing fees**

Servicing fees are payable by the company to the servicer under the terms of a servicing agreement. The servicing fee is calculated on the outstanding mortgage portfolio as defined in the servicing agreement.

##### **Taxation**

The charge for taxation is based on the 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.

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard No. 19 ("FRS19").

##### **Cashflow statement**

The company is ultimately a wholly owned subsidiary of SeaHorse Limited and the cashflows of the company are included in the consolidated group cashflow statement of SeaHorse Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 ("FRS1") (Revised) from publishing a cashflow statement.

##### **Related party disclosures**

Under the provisions of Financial Reporting Standard No. 8 ("FRS8"), the company has taken advantage of the exemption provided (for subsidiary undertakings whose voting rights are more than 90% controlled within the group) from disclosing group related party transactions. The consolidated financial statements of SeaHorse Limited, in which these results are included, are publicly available.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004**

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**2. Principal accounting policies (continued)**

**Mortgage advances**

Mortgage advances comprise loans that are secured by way of mortgages over freehold and leasehold residential properties located in England and Wales and assignment of the related life assurance policies. The mortgages over the properties and the related endowment life assurance policies are subject to a fixed charge in favour of the Trustee for the noteholders.

Losses arising from the possession and subsequent sale of properties are partly borne by third party insurers.

Mortgage advances have been presented separately on the face of the balance sheet rather than as part of current assets. In the opinion of the directors, this departure from the format of Schedule 4 of the Companies Act 1985 is required to give a true and fair view of the state of the company's affairs, since to present mortgage advances as part of current assets would not fairly reflect the liquidity of these assets.

**Floating rate notes**

The floating rate notes' outstanding principal balance declines over time as the proceeds from redemptions on mortgage advances, on which the floating rate notes are secured, are used to repay noteholders, along with accrued interest, on each monthly interest payment date. Costs relating to the issue of the floating rate notes are deducted from the principal balance on the notes. These costs are charged to the profit and loss account in line with the expected redemptions of the underlying floating rate notes. Costs are fully amortised by the earliest date at which the option to redeem the floating rate notes may be exercised.

The floating rate notes fall due for repayment in full in November 2028 and comprised, at issue, of £96.75m Class A1 notes, £156.65m Class A2 notes and £18.6m Class M notes. The Class A1 notes bear interest at a margin of 13 basis points over one month sterling LIBOR until May 2002 when the interest is adjusted to that of the Class A2 notes. The Class A2 notes bear interest at a margin of 26 basis points over one month sterling LIBOR until June 2005 when the interest is adjusted to a margin of 52 basis points over one month sterling LIBOR. The Class M notes bear interest at a margin of 70 basis points over one month sterling LIBOR until June 2005 when the interest is adjusted to a margin of 140 basis points over one month sterling LIBOR. Interest is determined monthly on the last business day of each month in each year for the next succeeding month.

**Subordinated loan**

The company has entered into a subordinated loan agreement with TMC, the funds of which were used to pay the costs associated with its purchase of a pool of mortgages and issuance of floating rate notes.

The loan may be repaid in whole or in part provided that the company has sufficient assets to meet its obligations on the floating rate notes and other liabilities. The loan shall be repaid in full in June 2028, provided that all payments then due in respect of the floating rate notes have been paid or otherwise provided for in full. If, in June 2028, the company has insufficient funds after paying the floating rate notes in full, it shall only be obliged to repay the loan to the extent of funds available and the company shall thereafter be released from any further obligation to make any further repayments.

# TMC TATTENHAM NO. 2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004

### 3. Other interest receivable

Other interest receivable comprises interest earned on short term deposits

### 4. Interest payable and similar charges

	9 months to 30 Sep 2004 £'000	Year to 31 Dec 2003 £'000
Interest charged on floating rate notes	2,299	3,667
Amortisation of issue costs	12	89
Subordinated loan interest	94	-
Other funding costs	16	26
	<u>2,421</u>	<u>3,782</u>

### 5. Operating profit

	9 months to 30 Sep 2004 £'000	Year to 31 Dec 2003 £'000
Profit on ordinary activities before taxation is stated after charging:		
Servicing fees	48	88
Corporate service fee – SPV Management Limited	9	12
Auditors' remuneration - audit	3	5
Auditors' remuneration - other services	<u>1</u>	<u>3</u>

The company has no employees and, other than the fee noted above, the directors received no remuneration during the period.

### 6. Taxation on profit on ordinary activities

	9 months to 30 Sep 2004 £'000	Year to 31 Dec 2003 £'000
The tax charge is based on the profit for the period / year and comprises:		
UK Corporation tax at 30% (2003: 30%)	418	648
Over provision of tax in prior year	<u>-</u>	<u>(6)</u>
	<u>418</u>	<u>642</u>

# TMC TATTENHAM NO. 2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004

#### 6. Tax on profit on ordinary activities (continued)

The current tax charge for the period / year is the same as (2003: lower than) the standard rate of corporation tax in the UK (30% ,2003: 30%). The differences are explained below:

	9 months to 30 Sep 2004 £'000	Year to 31 Dec 2003 £'000
Profit on ordinary activities before tax:	<u>1,393</u>	<u>2,161</u>
Profit on ordinary activities multiplied by standard rate tax of 30% (2003: 30%)	418	648
Effects of:		
Adjustment to tax charge in respect of prior years	<u>-</u>	<u>(6)</u>
Total current tax charge	<u>418</u>	<u>642</u>

#### 7. Dividends

	9 months to 30 Sep 2004 £'000	Year to 31 Dec 2003 £'000
Final dividend – proposed	<u>975</u>	<u>1,620</u>

#### 8. Mortgage advances

	£'000
The movement during the period was as follows:	
Balance at 1 January	72,334
Additions	5
Other debits	4,023
Repayments and redemptions	<u>(18,561)</u>
Mortgage advances at 30 September	<u>57,801</u>

Mortgage advances are all due to be repaid at various times before 2028 and may be redeemed at any time at the option of the borrower. Other debits includes primarily interest receivable on loans outstanding.

#### 9. Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year		
Other debtors	41	67
Prepayments and accrued income	<u>1</u>	<u>4</u>
	<u>42</u>	<u>71</u>

# TMC TATTENHAM NO. 2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

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FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004

### 10. Called up share capital

	2004 £'000	2003 £'000
Authorised		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, 25p called up and paid		
50,000 Ordinary shares of £1 each	<u>12</u>	<u>12</u>

### 11. Profit and loss account

	2004 £'000	2003 £'000
At January	-	101
Retained profit / (loss) for the financial period / year	<u>-</u>	<u>(101)</u>
At 30 September / 31 December	<u>-</u>	<u>-</u>

### 12. Reconciliation of movement in equity shareholders' funds

	2004 £'000	2003 £'000
Opening equity shareholders' funds	12	113
Profit on ordinary activities after taxation	975	1,519
Dividends	<u>(975)</u>	<u>(1,620)</u>
Closing equity shareholders' funds	<u>12</u>	<u>12</u>

### 13. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed to group undertakings	589	360
Corporation tax	271	308
Other creditors	8	8
Proposed dividend	975	1,620
Accruals and deferred income	<u>9</u>	<u>4</u>
	<u>1,852</u>	<u>2,300</u>

# TMC TATTENHAM NO. 2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

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FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004

### 14. Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Floating rate notes due 2028 (see note (a) below)	57,889	73,200
Subordinated loan	<u>3,397</u>	<u>3,397</u>
	<u>61,286</u>	<u>76,597</u>

(a) Floating rate notes comprise:

Principal balance outstanding	57,889	73,212
Unamortised issue costs	-	(12)
	<u>57,889</u>	<u>73,200</u>

The movement on floating rate notes during the year was:

As at 1 January	73,200	107,254
Principal repaid during the year	(15,323)	(34,143)
Issue costs charged to the profit and loss account	<u>12</u>	<u>89</u>
As at 30 September / 31 December	<u>57,889</u>	<u>73,200</u>

Amounts falling due after more than one year fall due after more than five years. Further details of the asset backed floating rate notes are given in note 2.

### 15. Financial Instruments

#### Market Risk Management

Market risk is managed by the Asset and Liability Committee ("ALCO") of MTL and The Paragon Group of Companies plc ("Paragon"), the ultimate parent company of MTL, with whom the company has a servicing agreement. The ALCO is composed of senior management and meets regularly to review performance, positions and market conditions and to make strategic decisions regarding interest rate risk, liquidity and capital management. The policy is implemented by the Treasury Department of MTL and Paragon.

Interest rate risk is the company's most significant market risk and arises from mismatches between the repricing profiles of assets and liabilities. Interest rate risk is quantified, and limits set, based on the effect that a given movement in interest rates may have on the profitability of the company. Overall planning in relation to interest rate risk is performed using a risk management system, which allows gap analysis reports to be produced on a regular basis together with sensitivity of the net exposure to a shift in interest rates. The company does not use derivatives for creating risk that does not arise in the underlying business and the company does not trade in derivatives and consequently all derivatives are classified as hedging contracts and accounted for using hedge accounting.

The company has no derivative contracts in either the current or prior years.

# TMC TATTENHAM NO. 2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

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FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004

### 15. Financial Instruments (continued)

#### Credit Risk Management

Credit risk is monitored by the Credit Department of MTL, and arises from the company's lending activities. MTL is committed to maintaining a consistent credit culture based on sound lending principles because this is the best safeguard against any decline in the property market in particular or the economy as a whole.

The approval process for secured loans takes into account the ratio of the loan amount to the value of the mortgaged property. MTL operates comprehensive monitoring systems which assist management in identifying any deterioration in loan quality. The quality of the loan book is reviewed on a regular basis.

#### Liquidity Management

It is the company's policy to ensure that adequate resources are available at all times to provide for the day to day activities of the company.

Management consider the year end position satisfactorily reflects the policies and objectives set out above.

#### Interest rate risk profile

The table below gives an indication of the interest rate risk profile of the company. Items are included in various time bands based on the earlier of the repricing or maturity date taking account of any amortisation of principal.

As at 30 September 2004	Not more than three months £'000	Non Interest Bearing £'000	Total £'000
<b>Assets</b>			
Mortgage advances	57,801	-	57,801
Other assets	<u>5,307</u>	<u>42</u>	<u>5,349</u>
	<u>63,108</u>	<u>42</u>	<u>63,150</u>
<b>Liabilities</b>			
Floating rate notes	(57,889)	-	(57,889)
Other liabilities	(3,397)	(1,852)	(5,249)
Shareholders' funds	<u>-</u>	<u>(12)</u>	<u>(12)</u>
	<u>(61,286)</u>	<u>(1,864)</u>	<u>(63,150)</u>
Interest rate risk profile	<u>1,822</u>	<u>(1,822)</u>	<u>-</u>

# TMC TATTENHAM NO. 2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004

### 15. Financial Instruments (continued)

As at 31 December 2003	Not more than three months £'000	Over three months but less than six months £'000	Over six months but less than one year £'000	Non Interest Bearing £'000	Total £'000
<b>Assets</b>					
Mortgage advances	72,124	372	91	(253)	72,334
Other assets	<u>6,504</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>6,575</u>
	<u>78,628</u>	<u>372</u>	<u>91</u>	<u>(182)</u>	<u>78,909</u>
<b>Liabilities</b>					
Floating rate notes	(73,212)	-	-	12	(73,200)
Other liabilities	-	-	-	(5,697)	(5,697)
Shareholders' funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(12)</u>
	<u>(73,212)</u>	<u>-</u>	<u>-</u>	<u>(5,697)</u>	<u>(78,909)</u>
Interest rate risk profile	<u>5,416</u>	<u>372</u>	<u>91</u>	<u>(5,879)</u>	<u>-</u>

The other liabilities fall due within one year. See note 2 for details of the maturity profile of the asset backed floating rate notes.

### Fair value of financial instruments

The table below shows the estimated fair value and the carrying value for each major category of assets and liabilities in the balance sheet at 30 September and 31 December. The fair value of a financial instrument is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale. Where external or quoted market prices were not available the fair values were estimated using discounted cash flow techniques based on interest rates prevailing at 31 December. Financial instruments with short term maturities or near term repricing terms are assumed to have fair values equal to their carrying amounts.

The table excludes certain financial assets and liabilities which are not listed or publicly traded, or for which a liquid and active market does not exist. Thus it excludes mortgages and other balance sheet items whose book and fair values differ at 30 September and 31 December.

	Carrying Amount 2004 £'000	Fair Value 2004 £'000	Carrying Amount 2003 £'000	Fair Value 2003 £'000
<b>As at 30 September / 31 December</b>				
On balance sheet instruments				
Floating rate notes	<u>(57,889)</u>	<u>(57,889)</u>	<u>(73,200)</u>	<u>(73,200)</u>

### Currency Risk

The company has no material exposure to foreign currency risk.



**TMC TATTENHAM NO. 2 PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 9 MONTH PERIOD ENDED SEPTEMBER 2004**

**16. Ultimate parent undertaking**

The immediate parent undertaking is Zophonus Limited.

The smallest group into which the company is consolidated is that of Zophonus Limited, registered in the Cayman Islands. The largest group into which the company is consolidated is that of SeaHorse Limited, registered in the Cayman Islands.

The shares in SeaHorse Limited are held under a Declaration of Trust for charitable purposes, the charitable trust being registered in the Cayman Islands, and the directors regard the Cayman Trust as the ultimate parent undertaking.

Copies of the consolidated financial statements may be obtained from:

The Secretary  
St Catherine's Court  
Herbert Road  
Solihull  
West Midlands  
B91 3QE