Company Registration Number 5478914

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

FOR THE YEAR ENDED 31 MARCH 2007

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DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

COMPANY INFORMATION

The board of directors	Wilmington Trust SP Services (London) Limited Mr M H Filer Mr J Traynor
Company secretary	Wilmington Trust SP Services (London) Limited
Registered office	c/o Wilmington Trust SP Services (London) Limited Fifth Floor 6 Broad Street Place London EC2M 7JH
Auditors	Deloitte & Touche LLP Hill House 1 Little New Street London EC4A 3TR

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2007

The directors have pleasure in presenting their report and the financial statements of the Group, which comprise the results of the company and its subsidiary Deco Series 2005 – UK Conduit 1 Plc for the year ended 31 March 2007 The comparative figures relate from the date of incorporation on 13 June 2005 to 31 March 2006

PRINCIPAL ACTIVITIES AND ENHANCED BUSINESS REVIEW
The Company's principal activity is to hold an investment in Deco Series 2005 – UK Conduit 1 Plc and hold the Post-Enforcement Call Option and other similar options granted in respect of securities granted by other issuers

The Post-Enforcement Call Option will permit the Company to acquire from the noteholders all the notes then outstanding at a price of one penny per note when notice is received from the Issuer Security Trustee

Deco Series 2005 – UK Conduit 1 Plc is a special purpose company established in order to issue floating rate loan notes due July 2017 ("the Notes"), to acquire the beneficial interest in a mortgage portfolio ("the mortgage loans") from Deutsche Bank AG, London Branch Deco Series 2005 – UK Conduit 1 Plc was also established in order to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 8 July 2005 On 12 July 2005, the subsidiary issued £236,056,634 floating rate loan notes in accordance with the Offering Circular

The key performance indicator of the business is considered to be the net interest margin In the year ended 31 March 2007, the Group achieved a net interest margin of 4 51% In the period from incorporation on 13 June 2005 to 31 March 2006, the Group achieved a net interest margin of 2 67% The profit after tax for the year ended 31 March 2007 was £4,014,540 (period from incorporation on 13 June 2005 to 31 March 2006 a loss of £842,044)

RESULTS AND DIVIDENDS
The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements

The profit of the Group for the year after tax amounted to £4,014,540 (2006 loss after tax of £842,044) The directors have not recommended a dividend

DIRECTORS AND THEIR INTERESTS
The directors who served the Company during the year, together with their beneficial interests in the shares of the Company, were as follows

Wilmington Trust SP Services (London) Limited
Mr M R G Baker – resigned on 28 February 2008
Mr M H Filer
Mr J Traynor – appointed on 28 February 2008

	Ordinary shares of £1	
	At 31 March 2007	At 31 March 2006
Wilmington Trust SP Services (London) Limited	2	2

Wilmington Trust SP Services (London) Limited holds the sole share in the Company under a declaration of trust for charitable purposes No other director had any beneficial interest in the shares of the Company during the period

FINANCIAL INSTRUMENTS
The Group's financial instruments, other than derivatives, comprise the mortgage loans, cash and cash equivalents, interest-bearing borrowings and various receivables and payables that arise directly from its operations The main purpose of these financial instruments is to acquire the mortgage loans from Deutsche Bank AG, London Branch

The Group also enters into derivative transactions (principally interest rate swaps and basis swaps) The purpose of such transactions is to manage the interest rate risk arising from the Group's operations and its sources of finance
It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments is undertaken

FINANCIAL INSTRUMENTS (CONTINUED)
The main risks arising from the Group's financial instruments are interest rate risk and credit risk The Board reviews and agrees policies for managing these and the other risks arising on the Group's financial instruments and they are summarised below

Currency risk
All of the Group's assets and liabilities are denominated in pound Sterling and therefore there is no foreign currency risk

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times The Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar, where this is not possible the Group uses interest rate swaps and basis swaps to mitigate any residual interest rate risk

Credit risk
Credit risk arises where the borrower will not be able to meet their obligations as they fall due The mortgage loans are secured on a number of UK commercial properties which are geographically diverse and include a diverse tenant portfolio

The most significant concentration of credit risk is considered to be the mortgage loans At 31 March 2007, the amount outstanding was £150,246,687 The maximum exposure to credit risk is represented by the carrying amount of the mortgage loans

Liquidity risk
A facility provided by Calyon (London Branch) has been established which will be available, subject to certain criteria and circumstances, in the event of the Group being unable, on a temporary basis, to meet its financial commitments

At 31 March 2007, no amounts were drawn on this facility (2006 £nil) The liquidity facility was renewed in June 2007 to July 2008 The Directors expect this facility to be renewed annually

Further discussion of the Group's approach to financial instruments is set out in note 1 (significant accounting policies) and in note 14

FUTURE DEVELOPMENTS
The directors will continue to closely monitor the Group's progress There were no significant events affecting the Group after the period end The directors do not expect any significant changes in the operating activities of the Group or company after the period end

CREDITOR PAYMENT POLICY
The Group's policy concerning 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 quarterly in accordance with the agreements in place The Group does not follow any other code or standard on payment practice

AUDITORS
A resolution to re-appoint Deloitte & Touche LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved
• so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
• each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Signed by order of the directors

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Company Secretary
Date 9 May 2008

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2007

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

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 1985 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DECO SERIES 2005-UK CONDUIT 1 HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Deco Series 2005-UK Conduit 1 Holdings Limited for the year ended 31 March 2007 which comprise the Group and Company income statements, the Group and Company balance sheets, the Group and Company cash flow statements, the Group and Company statement of changes in equity and the related notes 1 to 17 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
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the other information contained in the Annual Report and onsider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Annual Report

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group and parent financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's and the parent company's affairs as at 31 March 2007 and of the group's and the parent company profit for the year ended 31 March 2007,
- the group and parent company financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
9 May 2008

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

Continuing operations	Notes	Year ended 31 March 2007 £	Period from 13 June 2005 to 31 March 2006 £
Interest income	2	**11,160,563**	9,733,795
Interest expense	3	**(10,657,108)**	(9,462,185)
Net interest income		**503,455**	271,610
Fair value gain/(loss) on derivative financial instruments		**4,901,872**	(1,053,460)
Operating expenses	4	**(449,873)**	(257,711)
Profit/(loss) before tax for the year/period		**4,955,454**	(1,039,561)
Income tax (charge)/credit	5	**(940,914)**	197,517
Profit/(loss) after tax for the year/period attributable to equity holders	11	**4,014,540**	(842,044)

The notes on pages 14 to 28 form part of these financial statements

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

Continuing operations	Notes	Year ended 31 March 2007 £	Period from 13 June 2005 to 31 March 2006 £
Other operating income		-	12,501
Profit before tax for the year/period		-	12,501
Income tax credit/(expense)	5	356	(2,375)
Profit after tax for the year/period attributable to equity holders	11	356	10,126

The notes on pages 14 to 28 form part of these financial statements

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 £	2006 £ Restated
Assets			
Non-current assets			
Mortgage loans	8	140,373,280	157,431,588
Current assets			
Deferred tax asset	6	-	200,158
Mortgage loan	8	9,838,369	58,288,215
Trade and other receivables	9	1,760,268	2,230,756
Derivative financial instruments	14	3,848,412	-
Cash and cash equivalents	10	67,809	356,903
		15,514,858	61,076,032
Total assets		155,888,138	218,507,620
Equity			
Share capital	11	2	2
Retained profit/(loss)	11	3,172,496	(842,044)
Total equity		3,172,498	(842,042)
Non-current liabilities			
Interest-bearing loans	12	140,373,280	157,693,472
Total non-current liabilities		140,373,280	157,693,472
Current liabilities			
Interest-bearing loans	12	11,333,380	60,114,110
Trade and other payables	13	265,583	485,979
Current tax liability		12,199	2,641
Derivative financial instruments	15	-	1,053,460
Deferred tax liability	6	731,198	-
Total current liabilities		12,342,360	61,656,190
Total liabilities		152,715,640	219,349,662
Total equity and liabilities		155,888,138	218,507,620

These financial statements on pages 7 to 28 were approved by the directors and authorised for issue on 9 May 2008 and are signed on their behalf by.

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Director

The notes on pages 14 to 28 form part of these financial statements

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 £	2006 £ Restated
Non-current asset			
Investment in subsidiary	7	12,501	12,501
Current assets			
Cash and cash equivalents	10	2	2
		2	2
Total assets		12,503	12,503
Equity			
Share capital	11	2	2
Retained profit	11	10,482	10,126
Total equity		10,484	10,128
Current liabilities			
Current tax liability		2,019	2,375
Total current liabilities		2,019	2,375
Total liabilities		2,019	2,375
Total equity and liabilities		12,503	12,503

These financial statements on pages 7 to 28 were approved by the directors and authorised for issue on 9 May 2008 and are signed on their behalf by

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Director

The notes on pages 14 to 28 form part of these financial statements

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2007

	Note	Year ended 31 March 2007 £	Period from 13 June 2005 to 31 March 2006 – Restated £
At start of year 1 April 2006		**(842,042)**	-
Profit/(loss) for the year/period	11	4,014,540	(842,044)
Total recognised income and expense for the year/period		3,172,498	(842,044)
Issue of share capital	11	-	2
Closing equity at 31 March 2007		3,172,498	(842,042)

COMPANY'S STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2007

	Note	Year ended 31 March 2007 £	Period from 13 June 2005 to 31 March 2006 - Restated £
At start of year 1 April 2006		**10,128**	-
Profit for the year/period	11	356	10,126
Total recognised income and expense for the year/period		10,484	10,126
Issue of share capital	11	-	2
Closing equity at 31 March 2007		10,484	10,128

The notes on pages 13 to 27 form part of these financial statements

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Year ended 31 March 2007	Period from 13 June 2005 to 31 March 2006 - Restated £
Cash flows from operating activities			
Profit/(loss) before tax for the year/period		**4,955,454**	(1,039,561)
Adjustments for			
Fair value movement on derivative financial instruments		**(4,901,872)**	1,053,460
Bank interest receivable	2	**(71,994)**	(553,285)
Bank interest payable	3	**51**	458
Increase in trade and other receivables	9	**470,488**	(2,230,756)
Increase in trade and other payables	12,13	**(551,279)**	2,311,874
Net cash used in operating activities		**(99,152)**	(457,810)
Cash flows from investing activities			
Acquisition of beneficial interest in mortgage portfolio	8	**-**	(231,346,434)
Repayments during year/period	8	**65,523,522**	15,576,225
Bank interest received	2	**71,994**	553,285
Net cash used in investing activities		**65,595,516**	(215,216,924)
Cash flows from financing activities			
Proceeds on issue of shares	11	**-**	2
Proceeds on issue of loan notes	12	**-**	236,056,634
Redemption of loan notes during the year/period	12	**(65,785,407)**	(20,024 541)
Bank interest payable	3	**(51)**	(458)
Net cash from financing activities		**(65,785,458)**	216,031,636
Net increase in cash and cash equivalents		**(289,094)**	356,903
Cash and cash equivalents at beginning of year/period		**356,903**	-
Cash and cash equivalents at 31 March 2007	10	**67,809**	356,903

(As explained in the accounting policies note on page 15, the cash is not freely available to be used)

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Year ended 31 March 2007 £	Period from 13 June 2005 to 31 March 2006 - Restated £
Cash flows from operating activities			
Profit before tax for the year/period		-	12,501
Net cash from operating activities		-	12,501
Cash flows from Investing activities			
Investments	7	-	(12,501)
Net cash used in investing activities		-	(12,501)
Cash flows from financing activities			
Proceeds on issue of shares	11	-	2
Net cash from financing activities		-	2
Net increase in cash and cash equivalents		-	2
Cash and cash equivalents at beginning of year/period		2	-
Cash and cash equivalents at 31 March 2007	10	2	2

(As explained in the accounting policies note on page 15, the cash is not freely available to be used)

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

1. SIGNIFICANT ACCOUNTING POLICIES

Deco Series 2005-UK Conduit 1 Holdings Limited is a Company incorporated in the United Kingdom under the Companies Act 1985 and domiciled in England The address of the registered office is given on page 1

Statement of compliance
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU as they apply to the financial statements of the Group and the Company for the year ended 31 March 2007
The accounting policies set out below have been applied in respect of the financial year ended 31 March 2007

Basis of preparation
The financial statements are presented in Pound Sterling In the prior year the financial statements covered a period of less than a year as this was the first period since incorporation The financial statements have been prepared on the historical cost basis as modified for the revaluation of certain financial instruments

Due to the fact that the nature of the business is to provide finance, the directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the profit and loss account

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (the Subsidiaries) Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities All intra-group transactions, balances, income and expenses are eliminated on consolidation

- Subsidiaries
Subsidiaries are those entities controlled by the Company Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities

- Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations,* which are recognised and measured at fair value less costs to sell

Critical accounting judgements and key sources of estimation and uncertainty
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements and carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates used in the financial statements

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and key sources of estimation and uncertainty (continued)
Due to the fact that the nature of the business is to provide finance, the directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the profit and loss account

Financial instruments
The Group's financial instruments comprise the mortgage loans, cash and liquid resources, derivatives, interest-bearing borrowings and various receivables and payables that arise directly from its operations The main purpose of these financial instruments is to acquire a beneficial interest in a mortgage portfolio These financial instruments are classified in accordance with the principles of IAS 39 Financial Instruments Recognition and Measurement as described below

Mortgage Loans
The acquisition in the beneficial interest of the mortgage loans is initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition

Deferred consideration
Deferred purchase consideration represents further amounts payable on the acquisition of commercial mortgage loans from Deutsche Bank AG, London Branch Provision is made for the deferred purchase consideration as amounts become payable as a result of the performance of the acquired commercial mortgage loans and is included in the income statement as an expense

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less

The Group has deposits in bank accounts held in the Group's name which meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash

Derivative financial instruments and hedging activities
The Group uses derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes

IAS 39 requires all financial assets and liabilities to be recognised initially at fair value on the balance sheet All derivatives have been designated at fair value through profit and loss Hence, subsequent to initial recognition, any changes in fair value of the derivatives held are recognised in the income statement

The fair value of interest rate swaps and basis swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties

Interest income receivable or interest expense on the interest rate swap is accounted for on an effective interest rate basis within interest income or interest expense in the income statement

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-bearing loans
Interest-bearing loans are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Embedded derivatives
Certain derivatives are embedded within other non-derivative host financial instruments to create a hybrid instrument Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the income statement Depending on the classification of the host instrument, the host is then measured in accordance with IAS 39

Interest income and expense
Interest income and expense is accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount

Value added tax
Value added tax is not recoverable by the Group and is included with its related cost

Income tax expense
The tax expense represents the sum of the tax currently payable and deferred tax The tax currently payable is based on the profit for the period Taxable profit differs from net profit as reported in the income statement because it excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss, and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled based on tax rates and laws enacted or substantively enacted at the balance sheet date

Under special rules issued by the Inland Revenue for securitisation companies, the company's charge for taxation is based on its taxable profits calculated on a UK GAAP basis but is disclosed in accordance with IAS 12

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The directors are considering the following standards which are currently in issue but are not yet effective and are not intended to be adopted in the current period financial statements

IAS 1 Presentation of Financial Statements – amendment on Capital Management

IFRS 7 Financial Instruments Disclosures

IFRS 8 Operating Segments

IFIRC 11 IFRS 2 – Group and treasury share transaction

IFRIC 12 Service concession arrangements

IFRIC 14 IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the company and group

Upon the adoption of IFRS 7, the company will have to disclose additional information about its financial instruments, their significance and the nature and extent of the risks that they give to rise More specifically the Company will need to disclose the fair value of its financial instruments and its risks in greater detail There will be no effect on reported income or net assets

Segmental reporting
The principal asset of the Group is the beneficial interest in the mortgage portfolio originated in the United Kingdom which is funded by floating rate notes issued in the United Kingdom The directors do not consider it necessary to provide a further analysis of the results of the Group from those already disclosed in these financial statements

2. INTEREST INCOME

	Year ended 31 March 2007 Group £	Period from 13 June 2005 to 31 March 2006 Group £
Income from mortgage loans	**10,988,402**	9,164,370
Net swap interest receivable	**84,799**	-
Amortisation of discount on acquisition of mortgage portfolio	**15,368**	3,639
Bank interest received	**71,994**	553,285
Other income	**-**	12,501
	11,160,563	9,733,795

All income is derived from the United Kingdom

3. INTEREST EXPENSE

	Year ended 31 March 2007 Group £	Period from 13 June 2005 to 31 March 2006 Group £
Interest on loan notes	**9,630,245**	8,096,321
Net swap interest payable	**-**	398,812
Amortisation of discount on floating rate notes	**15,368**	3,639
Deferred consideration	**1,011,444**	962,955
Bank interest paid	**51**	458
	10,657,108	9,462,185

4. OPERATING EXPENSES

	Year ended 31 March 2007 Group	Period from 13 June 2005 to 31 March 2006 Group
	£	£
Administration and cash management fees	**415,016**	219,667
Audit fees	**25,909**	25,850
Corporate services fees	**8,948**	12,194
	449,873	257,711

Other than the fees received for the provision of corporate services as detailed in note 16, the directors received no emoluments for their services as directors to the Group during the period The directors had no material interest in any contract of significance in relation to the business of the Group The Group did not have any employees in the current year (2006 nil)

5. INCOME TAX EXPENSE

Group	**Year ended 31 March 2007**	Period from 13 June 2005 to 31 March 2006
Current tax.	**£**	£
Corporation tax charge for the period at a rate of 19%	**10,180**	2,641
Overprovision of the prior period tax charge	**(622)**	-
Deferred tax.		
Deferred tax at 19% (see note 6)	**931,356**	(200,158)
Total income tax expense/(credit) in income statement	**940,914**	(197,517)

	Year ended 31 March 2007	Period from 13 June 2005 to 31 March 2006
Reconciliation of total tax charge The tax assessed for the period is at the small companies rate of corporation tax in the UK of 19%	**£**	£
Profit/(loss) before tax	**4,955,454**	(1,039,561)
Profit/(loss) before tax multiplied by the small companies rate of corporation tax in the UK of 19%	**941,537**	(197,517)
Overprovision of the prior period tax charge	**(623)**	-
Total income tax expense/(credit) in income statement	**940,914**	(197,517)

5. INCOME TAX EXPENSE (continued)

Company	Year ended 31 March 2007	Period from 13 June 2005 to 31 March 2006
Current tax:	**£**	£
Corporation tax charge for the period at a rate of 19%	-	2,375
Overprovision of the prior period tax charge	(356)	-
Total income tax (credit)/ expense in income statement	(356)	2,375

	Year ended 31 March 2007	Period from 13 June 2005 to 31 March 2006
Reconciliation of total tax charge	**£**	£
The tax assessed for the period is at the small companies rate of corporation tax in the UK of 19%		
Profit before tax	-	12,501
Profit before tax multiplied by the small companies rate of corporation tax in the UK of 19%	-	2,375
Overprovision of the prior period tax charge	(356)	-
Total income tax (credit)/expense in income statement	(356)	2,375

6 DEFERRED TAX

	2007 Group
Deferred tax asset/(liability)	**£**
At 1 April 2006	**200,158**
Charge to income for the year	**(931,356)**
Balance carried forward at 31 March 2007	**(731,198)**

The deferred tax liability of £731,198 represents the amount of deferred tax payable in respect of the fair value on the derivative financial instruments

7. INVESTMENT IN SUBSIDIARY

	2006
Company	**£**
Balance at 1 April 2006 and 31 March 2007	**12,501**

The investment represents the acquisition of 99 98% of the issued ordinary share capital of Deco Series 2005 – UK Conduit 1 Plc, a special purpose entity incorporated in England and Wales Deco Series 2005 – UK Conduit 1 Plc was established in order to issue floating rate loan notes due July 2017 ("the Notes"), to acquire the beneficial interest in a mortgage portfolio ("the mortgage loans") from Deutsche Bank AG, London Branch, to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 8 July 2005
This transaction has been accounted for by the purchase method of accounting

8. MORTGAGE LOANS

	2007	2006
Group		
At 1 April 2006	215,719,803	-
Originations	-	231,346,434
Discount on issue	-	(54,045)
Amortisation of discount	15,368	3,639
Redemptions	(65,523,522)	(15,576,225)
At 31 March 2007	150,211,649	215,719,803

	2007	2006
	£	£
The balance can be analysed as follows		
Non-current assets	140,373,280	157,431,588
Current assets	9,838,369	58,288,215
	150,211,649	215,719,803

The mortgage loans are due for repayment by October 2012 Interest on the mortgage loans are at fixed rates ranging from 5 39% to 6 42%
The mortgage loans are secured over commercial properties held by Deutsche Bank AG, London Branch in its capacity of Borrower Security Trustee on behalf of the Group

9. TRADE AND OTHER RECEIVABLES

	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Prepayments and accrued income	1,760,268	-	2,230,756	-

The directors consider that the carrying value of trade and other receivables approximate their fair value

10. CASH AND CASH EQUIVALENTS

	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Cash and cash equivalents	67,809	2	356,903	2

The directors consider that the carrying value of cash and cash equivalents approximate their fair value

The Group has deposits in bank accounts held in the Group's name which meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash

11. TOTAL EQUITY

Group	Issued share capital	Retained profit	Total
	£	£	£
At 1 April 2006	1	(842,044)	(842,043)
Issue share capital (prior year adjustment)	1	-	1
At 1 April 2006 (restated)	2	(842,044)	(842,042)
Profit for the year	-	4,014,540	4,014,540
Balance at 31 March 2007	2	3,172,496	3,172,498

Company	Issued share capital	Retained profit	Total
	£	£	£
At 1 April 2006	1	10,126	10,127
Issue share capital (prior year adjustment)	1	-	1
At 1 April 2006 (restated)	2	10,126	10,128
Profit for the year	-	356	356
Balance at 31 March 2007	2	10,482	10,484

There are 100 authorised ordinary shares of £1 each The issued share capital comprises two allotted £1 share called up and fully paid at par Wilmington Trust SP Services (London) Limited holds the share under a declaration of trust for charitable purposes

12. INTEREST-BEARING LOANS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings For more information about the Group's exposure to interest rate risk, see note 14

Group	2007	2006
	£	£
At 1 April 2006	215,981,687	-
Loan notes issued	-	236,056,634
Redemptions in year	(65,785,407)	(20,024,541)
Discount	-	(54 045)
Amortisation of discount	15,368	3,639
At 31 March 2007	150,211,649	215,981,687
Non-current liabilities		
Loan notes	140,373,280	157,693,472
Current liabilities		
Loan notes	9,838,369	58,288,215
Interest payable on loan notes	1,495,011	1,825,895
	11,333,380	60,114,110

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled in order of priority in accordance with the Offering Circular

On 12 July 2005 an agreement was entered into with Calyon (London Branch) for the provision of a liquidity facility for the Group The facility is in place to allow the Group to meet its obligations should there be a shortfall in the revenue or principal received from the mortgage loans At the balance sheet date, the limit on this facility was £12,000,000 A fee is charged on the undrawn balance, currently set out at 0 15% per annum This fee would increase on any drawn balance No amounts have been drawn under the facility since inception The liquidity facility is secured by way of fixed and floating charges over the Group's assets

12. INTEREST-BEARING LOANS (Continued)

Interest-bearing loans and borrowings are repayable as follows

Group	**2007 Total**	**2007 Less than 1 year**	**2007 1-2 years**	**2007 2-5 years**	**2007 More than 5 years**
Liabilities	**£**	**£**	**£**	**£**	**£**
Loans notes	150,211,649	9,838,369	1,239,369	94,963,639	44,170,272
Interest payable	1,495,011	1,495,011	-	-	-
	151,706,660	11,333,380	1,239,369	94,963,639	44,170,272

The Company has no interest-bearing loans and borrowings

The loan notes are denominated in the following currencies

	2007
Group	**£**
Sterling	150,211,649

Group	2006 Total	2006 Less than 1 year	2006 1-2 years	2006 2-5 years	2006 More than 5 years
Liabilities	£	£	£	£	£
Loans notes	215,981,687	58,288,215	1,585,069	99,797,327	56,311,076
Interest payable	1,825,895	1,825,895	-	-	-
	217,807,582	60,114,110	1,585,069	99,797,327	56,311,076

The Company has no interest-bearing loans and borrowings

The loan notes are denominated in the following currencies

	2006
Group	£
Sterling	215,981,687

On 12 July 2005, the Group issued £195,215,000 Class A notes due July 2017, £14,785,000 Class B notes due July 2017, £12,400,000 Class C notes due July 2017, £10,750,000 Class D notes due July 2017 and £2,906,634 Class E notes due July 2017 Interest on the Class A notes is payable at a rate of 3 month LIBOR plus 0 23% Interest on the Class B notes is payable at a rate of 3 month LIBOR plus 0 40% Interest on the Class C notes is payable at a rate of 3 month LIBOR plus 0 57% Interest on the Class D notes is payable at a rate of 3 month LIBOR plus 0 80% Interest on the Class E notes is payable at a rate of 3 month LIBOR plus 1 25%

At the balance sheet date £110,222,099 (2006 £176,007,505) in respect of the Class A notes was outstanding, £14,489,223 (2006 £14,489,223) in respect of the Class B notes, £12,151,935 (2006 £12,151,935) in respect of the Class C notes, £10,534,944 (2006 £10,534,944) in respect of Class D notes and £2,848,486 (2006 £2,848,486) in respect of the Class E notes was outstanding The notes are secured by way of a fixed and floating charge over the assets of the Group The proceeds of the notes were used by the Company to acquire the beneficial interest in the mortgage portfolio from Deutsche Bank AG, London Branch in accordance with the terms of the securitisation of documents

DECO SERIES 2005–UK CONDUIT 1 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

13 TRADE AND OTHER PAYABLES

	Group 2007	Group 2006
Current liabilities	**£**	£
Other creditors	**812**	49,606
Accruals and deferred income	264,771	436,373
	265,583	485,979

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled, in order of priority in accordance with the Offering Circular

The directors consider that the carrying amount of trade and other payables approximates to their fair value

14 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise the mortgage loans, cash and liquid resources, derivatives, interest-bearing borrowings and various receivables and payables that arise directly from its operations

Currency risk
All of the Group's assets and liabilities are denominated in pounds sterling therefore there is no foreign currency risk

Credit risk
Credit risk on the mortgage loans arises where the mortgage loans are secured on underlying commercial properties The most significant concentration of credit risk is considered to be Tofty Associated S A £44,369,806 (2006 £44,369,806) At 31 March 2007, the total amount outstanding on the mortgage loans was £150,246,687 The maximum exposure to credit risk is represented by the carrying amount of the mortgage loans The directors consider that the Company's beneficial interest in the commercial properties granted as security will be sufficient to recover the full amount of these loans

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates under a different basis or which reset at a different time The Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of assets and liabilities are similar Various interest rate and basis swaps have been entered into with Deutsche Bank AG, London Branch to manage the Group's exposure to interest rate risk associated with the mortgage loan This is to reduce interest rate risk as a result of the possible variance between the fixed rates of interest receivable on the mortgage loan and the variable rate of interest payable on the floating rate loan notes

Liquidity risk
A facility provided by Calyon (London Branch) has been established which will be available, subject to certain criteria and circumstances, in the event of the Group being unable, on a temporary basis, to meet its financial commitments

At 31 March 2007, no amounts were drawn on this facility (2006 £nil) The liquidity facility was renewed in June 2007 to July 2008 The Directors expect this facility to be renewed annually

14 FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis
In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 31 March 2007 and the periods in which they reprice

As at 31 March 2007

Group Assets	Effective interest rate (%)	Total £	6 months or less £	More than 5 years £	Non interest - bearing £
Mortgage loans	5.96	150,211,649	-	150,211,649	-
Derivative asset		3,848,412	-	-	3,848,412
Trade and other receivables		1,760,268	-	-	1,760,248
Cash and cash equivalents	4.51	67,809	67,809	-	-
		155,888,138	67,809	150,211,649	5,608,680

Group Liabilities					
Loan notes – Class A	LIBOR + 0 23%	110,222,099	110,222,099	-	-
Loan notes – Class B	LIBOR + 0 40%	14,489,223	14,489,223	-	-
Loan notes – Class C	LIBOR + 0 57%	12,151,935	12,151,935	-	-
Loan notes – Class D	LIBOR + 0 80%	10,534,944	10,534,944	-	-
Loan notes – Class E	LIBOR + 1 25%	2,848,486	2,848,486	-	-
Unamortised discount		(35,038)	-	-	(35,038)
Interest payable		1,495,011	-	-	1,495,011
Trade and other payables		265,583	-	-	265,583
Current tax liability		12,199	-	-	12,199
Deferred tax liability		731,198	-	-	731,198
		152,715,640	150,246,687	-	2,468,983

Company Assets	Effective interest rate (%)	Total £	6 months or less £	More than 5 years £	Non interest - bearing £
Investments		12,501	-	12,501	-
Cash and cash equivalents	-	2	2	-	-
		12,503	2	12,501	-

Company Liabilities					
Current tax liability		2,019	-	-	2,019
		2,019	-	-	2,019

14. FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 March 2006

Group Assets	Effective interest rate (%)	Total £	6 months or less £	More than 5 years £	Non interest - bearing £
Mortgage loans	5 84	215,719,803	-	215,719,803	-
Deferred tax asset		200,158	-	-	200,158
Trade and other receivables		2,230,756	-	-	2,230,756
Cash and cash equivalents	4 13	356,903	356,903	-	-
		218,507,620	356,903	215,719,803	2,430,914

Group Liabilities					
Loan notes – Class A	LIBOR + 0 23%	176,007,505	176,007,505	-	-
Loan notes – Class B	LIBOR + 0 40%	14,489,223	14,489,223	-	-
Loan notes – Class C	LIBOR + 0 57%	12,151,935	12,151,935	-	-
Loan notes – Class D	LIBOR + 0 80%	10,534,944	10,534,944	-	-
Loan notes – Class E	LIBOR + 1 25%	2,848,486	2,848,486	-	-
Unamortised discount		(50,406)	-	-	(50,406)
Interest payable		1,825,895	-	-	1,825,895
Trade and other payables		485,979	-	-	485,979
Current tax liability		2,641	-	-	2,641
Derivative liability		1,053,460	-	-	1,053,460
		219,349,662	216,032,093	-	3,317,569

Company Assets	Effective interest rate (%)	Total £	6 months or less £	More than 5 years £	Non interest - bearing £
Investments		12,501	-	12,501	-
Cash and cash equivalents	-	2	2	-	-
		12,503	2	12,501	-

Company Liabilities					
Current tax liability		2,375	-	-	2,375
		2,375	-	-	2,375

14. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows

Group	Note	Carrying amount 2007 £	Fair value 2007 £
Mortgage loans	8	150,211,649	147,168,043
Derivative asset	15	3,848,412	3,848,412
Trade and other receivables	9	1,760,268	1,760,268
Cash and cash equivalents	10	67,809	67,809
Interest-bearing loans and borrowings	12	(150,211,649)	(150,172,642)
Interest payable	12	(1,495,011)	(1,495,011)
Trade and other payables	13	(265,583)	(265,583)
Current tax liability	5	(12,199)	(12,199)
Deferred tax liability	6	(731,198)	(731,198)
		3,172,498	167,899

Company	Note	Carrying amount 2007 £	Fair value 2007 £
Investments	7	12,501	12,501
Cash and cash equivalents	10	2	2
Current tax liability	5	(2,019)	(2,019)
		10,484	10,484

Group	Note	Carrying amount 2006 £	Fair value 2006 £
Mortgage loans	8	215,719,803	216,748,994
Deferred tax asset	6	200,158	200,158
Trade and other receivables	9	2,230,756	2,230,756
Cash and cash equivalents	10	356,903	356,903
Interest-bearing loans and borrowings	12	(215,981,687)	(215,957,418)
Interest payable	12	(1,825,895)	(1,825,895)
Trade and other payables	13	(485,979)	(485,979)
Current tax liability	5	(2,641)	(2,641)
Derivative liability	6	(1,053,460)	(1,053,460)
		(842,044)	211,418

Company	Note	Carrying amount 2006 £	Fair value 2006 £
Investments	7	12,501	12,501
Cash and cash equivalents	10	2	2
Current tax liability	5	(2,375)	(2,375)
		10,128	10,128

The interest rate swaps and basis swaps have a notional value of £147,044,032 as at 31 March 2007 The interest rate swaps receive a floating rate based on 3 month LIBOR and pay a fixed rate ranging from 4 52% to 5 21% The basis swaps receive a floating rate based on 3 month LIBOR and pay a fixed rate ranging from 4 65% to 4 99% The interest rate cap limits 3 month LIBOR to 5 25%

14. FINANCIAL INSTRUMENTS (CONTINUED

Estimation of fair values

The Group has interest rate and basis swaps hedging the income stream from the mortgage loans with the payment on the floating rate loan notes This interest rate swap is accounted for as held for trading

The following comments summarise the main methods and assumptions used in estimating the fair value of financial instruments that are reflected in the table above

The fair value of the mortgage loans has been approximated by using the combined fair values of the derivatives and the floating rate notes Cash and cash equivalents and interest bearing loans and borrowings have been calculated using a discounted cash flow analysis For other receivables and other payables, no calculation of fair value is prepared as their carrying amount is viewed as a reasonable approximation of fair value

The fair value of the interest rate swaps and basis swaps between the Group and Deutsche Bank AG, London Branch are reflected as a derivative liability in the balance sheet of the Group as at 31 March 2007 The fair value of the interest rate swaps are determined by using a discounted cash flow analysis model that is consistent with commonly used market techniques The fair value calculated using this technique is regularly compared with prices of similar instruments obtained in actual market transactions to ensure reliability All inputs into valuation models adopted by the entity, including the sterling zero coupon yield curve used as the discount rate on the swap, are obtained from observable market data The change in fair value that has been estimated using this valuation technique and has been recognised in the Income Statement for the year ended 31 March 2007 amounts to £3,848,412 The underlying cash flows are the relevant interest payments up to the maturity of the floating rate notes in 2017

15. DERIVATIVE FINANCIAL INSTRUMENTS

The net fair values of derivative financial instruments at the balance sheet date were

	2007 Group £	**2007 Company £**	2006 Group £	2006 Company £
Interest rate swaps	3,848,412	-	(1,053,460)	-

The notional principal amount of the outstanding interest rate and basis swaps as at 31 March 2007 was £147,044,032 (2006 £199,336,066)

Embedded derivatives

In accordance with IAS 39 'Financial instruments Recognition and measurement', the Group has reviewed all mortgage loan contracts and floating rate notes terms for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard In relation to the floating rate notes the Group has the ability to redeem the floating rate notes in full or part at their then principal amount outstanding, together with interest accrued to the date of redemption, on any interest payment date The Group effectively has a call option on the floating rate notes exercisable on certain dates The option constitutes an embedded derivative, however, as this is closely related to the underlying host contract (the floating rate notes) as set out in IAS 39, the option does not require separation

A similar hybrid instrument arises on the mortgage loan whereby the Group has effectively sold a put option on the mortgage loans exercisable on certain dates As this option is considered to be closely related to the underlying host contract, it does not require separation

16. RELATED PARTY TRANSACTIONS

The Group is a special-purpose company controlled by its Board of directors, which comprises three directors, Wilmington Trust SP Services (London) Limited, Mr R G Baker and Mr M H Filer Mr M H Filer, a director of the Company, is also a director of Wilmington Trust SP Services (London) Limited The Group pays a corporate service fee to Wilmington Trust SP Services (London) Limited in connection with corporate services received The fees payable to these directors for their services in the year ended 31 March 2007 amounted to £8,948 (period ended 31 March 2006 £12,194) At the end of the year, an amount of £2,036 (period ended 31 March 2006 £4,994) was outstanding and included within current liabilities trade and other payables

17. ULTIMATE PARENT UNDERTAKING

Deco Series 2005-UK Conduit 1 Holdings Limited is a company registered in England and Wales

Wilmington Trust SP Services (London) Limited holds one share in Deco Series 2005-UK Conduit 1 Holdings Limited under a declaration of trust for charitable purposes The registered office of Wilmington Trust SP Services is given on page 1

The Group is the smallest and largest group into which the Company is consolidated