Business Mortgage Finance 6 PLC

Directors' Report and Financial Statements

Registered Number 06137875

Year Ended 30 November 2008

Contents

Company Information

Directors
V Rapley
O Pritchard
A Nehra

Company Secretary
Mourant & Co Capital Secretaries Ltd

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London
EC4N 7DZ

Trading Address
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Warley Hill Business Park
The Drive, Great Warley
Brentwood, Essex
CM13 3BE

Solicitors
Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditors
KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers
Barclays Bank PLC
One Churchill Place
London
E14 5HP

Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 30 November 2008.

Principal Activities

The sole purpose of the Company is to issue mortgage backed securities to the market which are collateralised by commercial mortgage loans. The capital raised is used to fund the activities of the Commercial First Group of companies.

Business Review

The Company continues to hold a mortgage portfolio as part of the Commercial First programme of securitisations.

Risk management and control
The Company seeks to manage the risks that arise from its activities. The risk framework in which the Company operates was documented in the Offering Circular together with an assessment of how the Company would mitigate the risks through the use of financial derivatives.

The principal risk left within the business is liquidity risk, which is the risk that the Company will not have sufficient liquid funds to meet its liabilities as they fall due. The directors are confident that the underlying assets of the Company will continue to generate positive cashflows sufficient to meet all its future liabilities. Furthermore the liquidity risk has been mitigated with cash reserves and liquidity facilities with external parties.

Key performance indicators
The Company's sole purpose was to provide funding for a portfolio of mortgages. The portfolio is closed and is now in run off.

The directors consider that there are no key performance indicators that govern the management of the Company as the activity of the Company is controlled primarily by the conditions set out in the Offering Circular when the bonds were issued. Copies of the Offering Circular document can be obtained by written request from the address in note 17.

Results and Dividend

The profit for the financial year amounted to £18,446,000 (2007: loss £2,313,944). The directors do not recommend the payment of a dividend. The Company made a loss last year primarily due to derivative losses which the directors consider will reverse over the life of the company therefore having no impact on the going concern status of the Company.

Future Developments

The Company will continue to meet the scheduled repayment dates for the loan notes during 2009 using cash generated from the mortgage portfolio which pays the intercompany loans.

Financial Instruments

The financial instruments held by the Company are made up of loans to group undertakings, borrowings and cash that arise directly from its operations.

The Company has also entered into derivative transactions; an interest rate cap, an interest rate swap and a foreign currency swap, the purpose of which are to manage the interest rate and foreign currency risk arising from the Company's operations and funding.

The Company's policy is that it has not, and will not trade in financial instruments.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, liquidity risk, foreign currency risk and operational risk. The directors' review of and policies for, managing each of the risks are summarised below.

Credit Risk
Credit risk is the risk that the counterparty of the Company will not be able to meet its obligations as they fall due. The Company is exposed to credit risk via amounts due from the loan from the Originator, derivative counterparties and deposits held by banks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest Rate Risk
Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company 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 Company considers the use of derivative financial instruments to mitigate any residual interest rate risk.

Liquidity Risk
The Company's policy is to manage liquidity risk by matching the timing of cash receipts from assets with those of the cash payments due on the Floating Rate Notes.

Foreign Currency Risk
Foreign currency risk exists where assets and liabilities are denominated in different currencies. The Company, as part of the securitisation programme have issued Euro denominated Floating Rate Notes during the year. The Company's policy is to manage foreign currency risk by entering into currency swaps that match all future liabilities in foreign currencies that hedge against any movement in exchange rates.

Operational Risk
The Company outsources part of its administration activities to an unconnected third party. The risk associated with this arrangement is controlled by a Service Level Agreement, performance against which is monitored on a regular basis.

Directors and Directors' Interests
The directors who held office during the year were as follows:

A Nehra

O Pritchard

V Rapley

None of the directors who held office during the course of the financial year had any direct interest in the shares of the Company.

Policy and Practice on Payment of Creditors
The Company pays creditors in accordance with negotiated terms, which are typically 30 days from the date of the invoice.

Political & Charitable Donations
The Company made no political contributions or charitable donations during the year.

Auditors
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board

A Nehra
Director
23 February 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 year.

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; and
- 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 its 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.

KPMG

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the member of Business Mortgage Finance 6 PLC.

We have audited the financial statements of Business Mortgage Finance 6 PLC for the year to 30 November 2008 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

Independent auditors' report to the member of Business Mortgage Finance 6 PLC.
(Continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 November 2008 and of its profit for the year then ended;
- the 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 February 2009

Profit and Loss Account

For the year to 30 November 2008

	Note	Year Ended 30 November 2008 £000	Period Ended 30 November 2007 £000
Interest receivable	*2*	**43,653**	27,065
Interest payable	*3*	**(42,909)**	(26,717)
Fair value movements	*4*	**25,568**	(3,244)
Net interest income / (cost)		**26,312**	(2,896)
Operating expenses		**(693)**	(317)
Operating profit / (loss) on ordinary activities before taxation	*5*	**25,619**	(3,213)
Tax on profit / (loss) on ordinary activities	*6*	**(7,173)**	899
Profit / (loss) for the year		**18,446**	(2,314)

The results for the year to 30 November 2008 arise from the Company's continuing operations.

There are no recognised gains and losses other than the profit for the year shown above, accordingly no statement of recognised gains or losses is required.

The notes on pages 10 to 20 form part of these financial statements.

Balance Sheet

At 30 November 2008

	Note	Year Ended 30 November 2008	Year Ended 30 November 2008	Period Ended 30 November 2007	Period Ended 30 November 2007
		£000	£000	£000	£000
Fixed assets					
Loan to Originator	*8*		**423,089**		464,924
Current assets					
Debtors	*9*	**62,443**		13,748	
Cash at bank and in hand		**17,240**		22,799	
			79,683		36,547
			502,772		501,471
Capital and reserves					
Called up share capital	*10*	**13**		13	
Profit and loss account	*11*	**16,132**		(2,314)	
Shareholders' funds			**16,145**		(2,301)
Creditors: amounts falling due within one year	*12*		**1,285**		3,024
Creditors: amounts falling due after one year	*13*		**485,342**		500,748
			502,772		501,471

The notes on pages 10 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 23 February 2009 and were signed on its behalf by:

A Nehra
Director

Notes to the Financial Statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except derivative financial instruments which are carried at their fair value.

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's financial statements except as noted below.

Going concern

The directors are confident that the underlying assets of the Company will continue to generate positive cashflows sufficient to meet all its future liabilities. Furthermore the liquidity risk has been mitigated with cash reserves and liquidity facilities with external parties.

The directors are therefore of the opinion that the Company remains a going concern and the accounts have been prepared on this basis.

Cash flow

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company.

Interest income and expense

For all financial instruments measured at amortised cost (including loans to the Originator and Floating Rate Notes) interest income and expense are recognised in the profit and loss account on an Effective Interest Rate ("EIR") basis.

Classification of financial instruments

In accordance with FRS 26 each financial asset is classified at initial recognition into one of four categories:

i. Financial assets at fair value through profit and loss;

ii. Held to maturity investments;

iii. Loans and receivables; or

iv. Available for sale;

And each financial liability into one of two categories:

v. At amortised cost; or

vi. At fair value through profit or loss.

Measurement of financial instruments is either amortised cost (categories ii, iii, and v above) or at fair value (categories i,iv, and vi above), depending on the category of financial instrument.

The Company carries no financial instruments at fair value.

Amortised cost is the amount measured at initial recognition, adjusted for subsequent principal and other payments, less cumulative amortisation calculated using the EIR method; amortisation is taken to the interest income or expense depending upon whether the instrument is an asset or liability. The amortised cost balance is reduced where appropriate by an allowance for amounts which are considered to be impaired or uncollectible.

Any profit or loss on sale of an instrument carried at amortised cost is recognised immediately in the profit and loss account in interest income or expense depending on whether the instrument is an asset or a liability.

Notes to the Financial Statements

1 Accounting policies (continued)

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. Where a market exists, fair values are based on quoted market prices. For instruments which do not have active markets, fair value is calculated using present value models which take individual cash flows together with assumptions based on market conditions and credit spreads and are consistent with accepted economic methodologies for pricing financial instruments. Any net movements in fair values that occur will be included in the profit and loss as "fair value movements on financial instruments".

Floating Rate Notes

On initial recognition, debt issued is measured at its fair value net of directly attributable transaction costs and discounts, in accordance with FRS 26. Subsequent measurement is at amortised cost using the EIR method to amortise incremental attributable issue and transaction costs, premia and discounts over the life of the instrument; these costs are charged along with interest on the debt to "interest expense and similar charges". Unamortised amounts are added to or deducted from the carrying value of the instrument.

Foreign currencies

Foreign currency transactions, assets and liabilities are accounted for in accordance with FRS 23 "The Effects of Changes in Foreign Exchange Rates". The functional currency of the Company is pounds sterling. Transactions which are not in pounds sterling are translated at the spot rate of exchange on the date of transaction. Monetary assets and liabilities which are not in pounds sterling incurred in arranging funding facilities are amortised over the period of the facility. Funding costs amortised during the year are included in interest payable.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Derivatives

All derivatives are carried at fair value in the Balance Sheet in accordance with FRS 26, as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of the derivatives are charged immediately to the profit and loss account as "fair value movements on financial instruments".

2 Interest income and similar fees

	Year ended 30 November 2008 £000	Period ended 30 November 2007 £000
On loan to Originator	**42,279**	25,529
Bank interest	**1,374**	1,536
	43,653	27,065

Notes to the Financial Statements

3 Interest payable and similar charges

	Year ended 30 November 2008 £000	Period ended 30 November 2007 £000
On loans repayable after five years:		
Mortgage backed loan notes	**40,327**	25,369
Interest on subordinated loan	**1,573**	794
Other interest	**59**	-
Amortisation of start up costs	**950**	554
	42,909	26,717

4 Fair value movements

	Year ended 30 November 2008 £000	Period ended 30 November 2007 £000
Derivative gains	**45,599**	11,380
Foreign exchange losses	**(20,031)**	(14,624)
	25,568	(3,244)

5 Profit on ordinary activities before taxation

	Year ended 30 November 2008 £000	Period ended 30 November 2007 £000
Profit / (loss) on ordinary activities before taxation is stated after charging/(crediting)		
Auditor's remuneration – statutory audit	3	3

Auditor's remuneration for non audit work of £4,751 (2007: £6,335) is included in deferred costs. The costs are being charged to the profit and loss account over four years, being the estimated life of the funding.

Notes to the Financial Statements

6 Taxation

Analysis of charge in year:	**Year ended 30 November 2008 £000**	Period ended 30 November 2007 £000
UK corporation tax		
Current tax on income for the year	**14**	9
Deferred tax (See note 7)	**7,159**	(908)
Tax on profit / (loss) on ordinary activities	**7,173**	(899)

Factors affecting the tax charge for the current year are as follows:

	2008 £000	2007 £000
Current tax reconciliation		
Profit / (loss) on ordinary activities before tax	**25,619**	(3,213)
Current tax at 28% / 30 %	**7,173**	(964)
Effect of:		
Short term timing differences	**(7,159)**	973
Total current tax charge (see above)	**14**	9

Notes to the Financial Statements

7 Deferred Taxation

The elements of deferred taxation are as follows:

Deferred tax liability on movement in derivative financial instruments	2008 £000	2007 £000
Opening balance	908	-
Movement in the year	(7,159)	908
Closing balance	(6,251)	908

8 Loan to Originator

The Company purchased a portfolio of mortgages from Commercial First RF Limited; however, as the principal risk and rewards of these mortgages remain with Commercial First RF Limited, these are not deemed for accounting purposes to have transferred to the Company. Accordingly, the Company accounts for the transaction as an intercompany loan to Commercial First RF Limited.

The loan to Commercial First RF Limited is denominated in sterling and bears interest at a variable rate. It is secured on the beneficial interest in a portfolio of commercial mortgage loans. The repayment of the loan is linked to the repayment of the Floating Rate Notes.

9 Debtors

	2008 £000	2007 £000
Deferred tax asset (note 7)	-	908
Derivative financial assets	62,443	12,840
	62,443	13,748

10 Called up share capital

	2008 £	2007 £
Authorised		
50,000 Ordinary shares of £1.00 each	50,000	50,000
Allotted and called up		
2 Ordinary shares of £1.00 each – fully paid	2	2
49,998 Ordinary shares of £1.00 each – 25% paid	12,500	12,500
	12,502	12,502

Notes to the Financial Statements

11 Reconciliation of movements in shareholders' funds

	Share capital £000	Profit and loss account £000	Total £000
At 1 December 2007	13	(2,314)	(2,301)
Profit for the year	-	18,446	18,446
At 30 November 2008	13	16,132	16,145

12 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Loan notes – accrued interest	**731**	1,443
Intercompany creditor	**1**	1
Corporation tax	**14**	9
Other creditors	**539**	1,571
	1,285	3,024

13 Creditors: amounts falling due after one year

	2008 £000	2007 £000
Mortgage backed loan notes due 2040	**473,627**	499,288
Financial instrument derivatives:		
Interest rate swaps	**5,464**	1,460
Deferred tax liability	**6,251**	-
	485,342	500,748

Notes to the Financial Statements

13 Creditors: amounts falling due after one year (continued)

All amounts falling due after more than one year fall due after more than five years, other than deferred consideration (included as part of the return on the Loan to Originator), the payment of which is uncertain, but is likely to fall due within one year.

The loan notes are secured over a portfolio of commercial mortgage loans secured by first charges on commercial property in the United Kingdom.

The mortgages were purchased from Commercial First RF Limited and are administered by a third party on behalf of the Company, although as noted previously, for accounting purposes are not recognised on the Company's balance sheet.

The loan notes are subject to mandatory redemption at each interest repayment date. The amount redeemed is equal to the principal collected on the mortgage loans in the preceding collection period. The loan notes will become due and payable on the interest payment date falling in August 2040 if they have not been redeemed or cancelled beforehand.

Interest is payable on the loan notes quarterly in arrears at the following rate above the London Interbank Offered Rate (LIBOR) for three month sterling deposits as summarised in the table below.

	Value at 30 November 2007	Redemption	Exchange rate movements	Value at 30 November 2008	Up to 15 August 2014	After 15 August 2014
Class A1	102,619,631	(13,010,112)	-	89,609,519	LIBOR + 0.19%	LIBOR + 0.38%
Class A2	277,035,740	(33,632,414)	7,980,844	251,384,170	EURIBOR+ 0.19%	EURIBOR+ 0.38%
Class M1	38,000,000	-	-	38,000,000	LIBOR + 0.55%	LIBOR + 1.10%
Class M2	39,706,962	-	7,074,878	46,781,840	EURIBOR + 0.55%	EURIBOR + 1.10%
Class B2	27,923,421	-	4,975,319	32,898,740	EURIBOR+ 2.25%	EURIBOR+ 3.25%
Class C	17,250,000	-	-	17,250,000	LIBOR + 3.25%	LIBOR + 4.25%
	502,535,754	(46,642,526)	20,031,041	475,924,269		
Less unamortised costs	(3,247,240)			(2,296,828)		
	499,288,514			473,627,441		

In addition to the above classes of bonds, further instruments were issued at the point of securitisation:-

- Interest only coupons which entitle the holders to an interest rate of 2.75% based on the outstanding principal of the Class A1 and Class A2 notes.
- Mortgage Early Redemption Certificates which entitle the holder to any early redemption charges collected in the year on the underlying mortgages.

The subordinated loan at the initial issue was £12,971,930 and has risen to £16,914,301 at 30 November 2008. It bears interest at LIBOR plus 4% and is subordinated to the loan notes.

Notes to the Financial Statements

14 Contingent liabilities

The Company has no contingent liabilities as at 30 November 2008.

15 Financial instruments

Fair Value disclosures

No analysis of the fair values of financial assets and liabilities is disclosed on the basis that there is no material difference between the carrying value of these assets and liabilities and their fair value.

Nature and extent of risks arising from financial instruments

The main financial risks arising from the Company's activities are credit risk, liquidity risk, currency risk and interest rate risk. Financial instruments used by the Company for risk management purposes include derivative instruments. Such instruments are used only for commercial hedging purposes, not for trading or speculative purposes. The principle derivative instruments used by the Company in managing its risks are interest rate swaps and currency swaps. The maturity of the derivatives is set to match the cashflows and risks on the underlying instruments. All of the derivatives are placed with external triple A rated providers.

Credit Risk

Credit risk is the risk that the counterparty of the Company will not be able to meet its obligations as they fall due. The Company is exposed to credit risk via amounts due from the loan from the Originator, derivative counterparties and deposits held by banks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest Rate Risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company 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 Company considers the use of derivative financial instruments to mitigate any residual interest rate risk.

Liquidity Risk

The Company's policy is to manage liquidity risk by matching the timing of cash receipts from assets with those of the cash payments due on the Floating Rate Notes.

Foreign Currency Risk

Foreign currency risk exists where assets and liabilities are denominated in different currencies. The Company, as part of the securitisation programme have issued Euro denominated Floating Rate Notes during the year. The Company currently holds €338,740,889 (£251,384,169) of Class A2 notes, €55,600,000 (£46,781,840) of Class M2 notes and €39,100,000 (£32,898,740) of Class B2 notes.

The Company's policy is to manage foreign currency risk by entering into currency swaps that match all future liabilities in foreign currencies that hedge against any movement in exchange rates. The nominal value of the cross currency swaps at 30 November 2008 was £62,440,398

Notes to the Financial Statements

15 Financial instruments (continued)

Interest rate risk

The table below summarises the interest rate profile of the Company's financial instruments. The analysis excludes short term debtors and creditors.

2008 **Financial assets:**	Effective Interest Rate %	Floating £000	Non interest bearing £000	Total £000
Loan to Originator	10.32	423,089	-	423,089
Cash at bank and in hand	5.36	17,240	-	17,240
Derivative financial assets		-	62,443	62,443
Gross financial assets		440,329	62,443	502,772
Financial liabilities:				
Mortgage backed loan notes due 2040	8.47	475,924	(2,297)	473,627
Derivative liabilities		-	5,464	5,464
Gross financial liabilities		475,924	3,167	479,091

2007 **Financial assets:**	Effective Interest Rate %	Floating £000	Non interest bearing £000	Total £000
Loan to Originator	9.98	464,924	-	464,924
Cash at bank and in hand	5.34	22,799	-	22,799
Derivative financial assets		-	12,840	12,840
Gross financial assets		487,723	12,840	500,563
Financial liabilities:				
Mortgage backed loan notes due 2040	8.64	502,535	(3,247)	499,288
Derivative liabilities		-	1,460	1,460
Gross financial liabilities		502,535	(1,787)	500,748

Maturity profile

The table below summarises the maturity profile of the Company's financial instruments based on the contractual terms of the financial assets and liabilities. The actual maturity profile will depend on the cashflows from the underlying mortgages, which are likely to repay earlier than their contractual maturity.

2008

	< 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	5+ years £000
Financial assets:					
Loan to Originator	-	-	-	-	423,089
Cash at bank and in hand	17,240	-	-	-	-
Derivative financial assets	-	-	-	-	62,443
Gross financial assets	17,240	-	-	-	485,532
Financial liabilities:					
Mortgage backed loan notes due 2040	-	-	-	-	473,627
Derivative liabilities	-	-	-	-	5,464
Gross financial liabilities	-	-	-	-	479,091

2007

	< 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	5+ years £000
Financial assets:					
Loan to Originator	-	-	-	-	464,924
Cash at bank and in hand	22,799	-	-	-	-
Derivative financial assets	-	-	-	-	12,840
Gross financial assets	22,799	-	-	-	477,764
Financial liabilities:					
Mortgage backed loan notes due 2040	-	-	-	-	499,288
Derivative liabilities	-	-	-	-	1,460
Gross financial liabilities	-	-	-	-	500,748

Concentration of risk

The Company operates entirely within the United Kingdom and adverse changes to the UK economy could impact on all areas of the Company's business. The loan to the Originator is due to one entity Commercial First RF Limited, and is secured on a beneficial interest in a portfolio of mortgage loans secured on commercial property in England, Scotland, Wales and Northern Ireland

Notes to the Financial Statements

16 Related party transactions

The Company is a special purpose vehicle controlled by the directors. There are three directors, two of which are provided by Mourant & Co. Capital (SPV) Limited. The Company has paid a fee of £4,700 (2007 : £3,133) to Mourant & Co. Capital (SPV) Limited for the provision of the two directors. The third director is an employee of Commercial First Mortgages Limited - the special service provider.

At the year end the Company had the following balance with the Commercial First Group of companies.

	2008	2007
	£000	£000
Non- current assets		
Loan to Originator	**423,089**	464,924

17 Ultimate parent company

The share capital of the Company is held by BMF Holdings Limited; however the results are consolidated in the financial statements of Commercial First Group Limited as the directors consider this to be the controlling entity. Commercial First Group Limited is a company incorporated in England. The financial statements of this company are available by application, from the Company Secretary, Lutea House, Warley Hill Business Park, The Drive, Great Warley, Brentwood, Essex CM13 3BE.