

Business Mortgage Finance 6 PLC

Directors' Report and Financial Statements

Registered Number 06137875

Year Ended 30 November 2010

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Contents

	Page No
Company Information	2
Report of the Directors	3
Statement of Directors' Responsibilities	5
Report of the Independent Auditors' to the Members of Business Mortgage Finance 6 PLC	6
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10

Company Information

Directors

V M Rapley
J C Bingham
A Nehra

Company Secretary

State Street Secretaries (UK) Limited

Registered Office

1st Floor, Phoenix House
18 King William Street
London
EC4N 7BP

Trading Address

Lutea House
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 2010

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. (Copies of the Offering Circular document can be obtained by written request from the address in note 17)

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.

Results and Dividend

The profit for the financial year amounted to £465,000 (2009: £13,724,000 loss). The directors do not recommend the payment of a dividend (2009: nil).

Future Developments

The Company will continue to meet the scheduled repayment dates for the loan notes during 2011 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.

Report of the Directors (continued)

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

The directors who held office during the year were as follows:

V M Rapley

J C Bingham

A Nehra

Policy and Practice on Payment of Creditors

Creditors are paid in accordance with the requirement set out in the offering circular.

Political & Charitable Donations

The Company made no political contributions or charitable donations during the year (2009 nil).

Auditors

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

Date 11 March 2011

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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

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



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

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

We have audited the financial statements of Business Mortgage Finance 6 PLC for the year to 30 November 2010 set out in pages 8-21. The financial reporting framework that has been applied in the preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 November 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

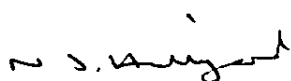
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Business Mortgage Finance 6 PLC *(continued)*

Matters on which we are required to report by exception

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

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



N J Hillyard (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

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

Date *11 March 2011*

Profit and Loss Account
For the year to 30 November 2010

		2010 £000	2009 £000
	<i>Note</i>		
Interest receivable and similar income	2	16,288	27,240
Interest payable and similar charges	3	(15,595)	(26,522)
Net interest income		693	718
Fair value movements	4	530	(19,090)
Operating expenses		(629)	(689)
Profit/(loss) on ordinary activities before taxation	5	594	(19,061)
Tax on profit/(loss) on ordinary activities	6	(129)	5,337
Profit/(loss) for the financial year	11	465	(13,724)

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 results all arise from continuing operations

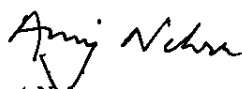
The notes on pages 10 to 21 form part of these financial statements

Balance Sheet
At 30 November 2010

		2010 £000	2010 £000	2009 £000	2009 £000
	<i>Note</i>				
Fixed assets					
Loan to Originator	8		372,007		399,248
Current assets					
Debtors	9	60,934		94,668	
Cash at bank and in hand		7,644		11,152	
			68,578		105,820
Total Assets			440,585		505,068
Capital and reserves					
Called up share capital	10	13		13	
Profit and loss account	11	2,873		2,408	
Shareholders' funds			2,886		2,421
Creditors amounts falling due within one year	12		609		802
Creditors amounts falling due after one year	13		437,090		501,845
Total equity and liabilities			440,585		505,068

The notes on pages 10 to 21 form part of these financial statements

These financial statements were approved by the board of directors on 11 March 2011 and were signed on its behalf by


A Nehra
Director

Company Number: 6137875

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

As set out in the offering circular, the company is governed by strict terms setting out the amount and timing of any payments that the company is obliged to make. Such payments are only required to be made if the company has sufficient funds to make the payments. As a result the company should always be able to meet its obligations as they fall due. On this basis, the Directors consider it appropriate to prepare the accounts on a going concern 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

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 (continued)

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 in 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. Deferred tax assets are recognised to the extent they are considered recoverable.

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 in financial instruments".

2 Interest receivable and similar income

	2010 £000	2009 £000
On loan to Originator	16,266	26,967
Bank interest	22	273
	<hr/>	<hr/>
	16,288	27,240
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

3 Interest payable and similar charges

	2010 £000	2009 £000
On loans repayable after five years		
Mortgage backed loan notes	13,831	24,541
Interest on subordinated loan	810	1,023
Other interest	4	8
Amortisation of start up costs	950	950
	<u>15,595</u>	<u>26,522</u>

4 Fair value movements

	2010 £000	2009 £000
Derivative (losses)/gains	(32,246)	36,140
Foreign exchange gains/(losses)	32,776	(55,230)
	<u>530</u>	<u>(19,090)</u>

5 Profit/(loss) on ordinary activities before taxation

	2010 £000	2009 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration – statutory audit	3	3
	<u>3</u>	<u>3</u>

Notes to the Financial Statements (continued)

6 Taxation

	2010 £000	2009 £000
Analysis of charge/ (credit) in year		
<i>UK corporation tax</i>		
Current tax on income for the year	18	8
Total current tax	<u>18</u>	<u>8</u>
Effect of change or tax rate	(32)	-
Deferred tax short term timing differences on derivatives	143	(5,345)
Total deferred tax (see note 7)	<u>111</u>	<u>(5,345)</u>
Tax on profit/(loss) on ordinary activities	<u>129</u>	<u>(5,337)</u>

Factors affecting taxation for the current year are as follows

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	594	(19,061)
Current tax at 28%	<u>166</u>	<u>(5,337)</u>
<i>Effect of</i>		
Short term timing differences	(148)	5,345
Total current tax charge (see above)	<u>18</u>	<u>8</u>

Notes to the Financial Statements (continued)

7 Deferred Taxation

The elements of deferred taxation are as follows

	2010 £000	2009 £000
Deferred tax liability		
Opening balance	(906)	(6,251)
Effect of change of tax rate on opening balance	32	-
Movement in the year due to short term timing differences	(142)	5,345
	<hr/>	<hr/>
Closing balance	(1,016)	(906)
	<hr/>	<hr/>

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

	2010 £000	2009 £000
Derivative financial assets-cross currency swaps	60,934	94,668
	<hr/>	<hr/>

10 Called up share capital

	2010 £	2009 £
<i>Allotted and called up</i>		
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
	<hr/>	<hr/>
	12,502	12,502
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

11 Reconciliation of movements in shareholders' funds

	Share capital £000	Profit and loss account £000	Total £000
At 1 December 2009	13	2,408	2,421
Retained profit for the year	-	465	465
At 30 November 2010	13	2,873	2,886

12 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Loan notes – accrued interest	232	184
Intercompany creditor	19	8
Corporation tax	18	8
Other creditors	340	602
	609	802

13 Creditors: amounts falling due after one year

	2010 £000	2009 £000
Mortgage backed loan notes due 2040	436,014	499,391
Financial instrument derivatives		
Interest rate swaps	60	1,548
Deferred tax liability (note 7)	1,016	906
	437,090	501,845

Notes to the Financial Statements (continued)

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 2009 £	Redemption £	Exchange rate movements £	Value at 30 November 2010 £	Up to 15 August 2014 £	After 15 August 2014 £
Class A1	81,125,218	(8,800,918)	-	72,324,300	LIBOR + 0.19%	LIBOR + 0.38%
Class A2	278,393,783	(22,751,234)	(26,260,368)	229,382,181	EURIBOR + 0.19%	EURIBOR + 0.38%
Class M1	38,000,000	-	-	38,000,000	LIBOR + 0.55%	LIBOR + 1.10%
Class M2	50,473,680	-	(3,825,280)	46,648,400	EURIBOR + 0.55%	EURIBOR + 1.10%
Class B2	35,494,980	-	(2,690,080)	32,804,900	EURIBOR + 2.25%	EURIBOR + 3.25%
Class C	17,250,000	-	-	17,250,000	LIBOR + 3.25%	LIBOR + 4.25%
	<hr/> 500,737,661	<hr/> (31,552,152)	<hr/> (32,775,728)	<hr/> 436,409,781		
Less unamortised costs	(1,346,417)			(396,005)		
	<hr/> 499,391,244			<hr/> 436,013,776		

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 £18,678,170 at 30 November 2010. It bears interest at LIBOR plus 4% and is subordinated to the loan notes.

Notes to the Financial Statements (continued)

14 Contingent liabilities

The Company has no contingent liabilities as at 30 November 2010 (30 November 2009 nil)

15 Financial instruments

Fair Value disclosures

Financial assets and liabilities recognised at fair value are disclosed based on fair value hierarchy as follows

Level 1-Quoted prices (unadjusted) in active markets for identical instruments

Level 2-Direct comparison with observable market transactions (other than those included in level 1), or indirectly based on valuation techniques using observable market data

Level 3-Inputs for the asset or liability not based on observable market data

Financial assets and liabilities carried at fair value are valued on the following basis

As at November 2010	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Derivative financial instrument	-	60,934	-	60,934
Gross financial assets	-	60,934	-	60,934
Financial liabilities				
Derivative financial instruments	-	60	-	60
Gross financial liabilities	-	60	-	60

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.

Notes to the Financial Statements (continued)

15 Financial instruments (continued)

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.

Risk Sensitivity

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. To minimise exposure to interest rate risk the Company ensures that the interest rate profiles of the loans to the group undertakings and of the interest bearing loans and borrowings are similar. Where this is not possible derivative financial instruments are also used to reduce any residual interest rate risk. If LIBOR for three months sterling deposits were 1% higher or lower, with all other variables held constant, the effect on the Company's net interest income would be immaterial due to movements on interest on the loan to group undertakings being offset by movements on interest on the loan notes. This would also apply if EURIBOR for three months was 1% higher or lower, with all other variables held constant, as movements in interest on foreign currency loan notes would be offset by a corresponding movement in interest on the currency swaps and on loans to group undertakings. A change in interest rates would also effect the fair value movement in the profit and loss account as a result of the derivative being marked to market. These fair value changes are expected to reverse to zero over the lives of the derivatives.

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.

2010	Floating £000	Non interest bearing £000	Total £000
Financial assets			
Loan to Originator	372,007	-	372,007
Cash at bank and in hand	7,644	-	7,644
Derivative financial assets	-	60,934	60,934
Gross financial assets	379,651	60,934	440,585
Financial liabilities:			
Mortgage backed loan notes due 2040	436,410	(396)	436,014
Derivative liabilities	-	60	60
Gross financial liabilities	436,410	(336)	436,074

Notes to the Financial Statements (continued)

15 Financial instruments (continued)

2009	Floating £000	Non interest bearing £000	Total £000
Financial assets			
Loan to Originator	399,248	-	399,248
Cash at bank and in hand	11,152	-	11,152
Derivative financial assets	-	94,668	94,668
Gross financial assets	410,400	94,668	505,068
Financial liabilities			
Mortgage backed loan notes due 2040	500,738	(1,346)	499,392
Derivative liabilities	-	1,548	1,548
Gross financial liabilities	500,738	202	500,940

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 cash flows from the underlying mortgages, which are likely to repay earlier than their contractual maturity.

2010	< 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	5+ years £000
Financial assets:					
Loan to Originator	-	-	-	-	372,007
Cash at bank and in hand	7,644	-	-	-	-
Derivative financial assets	-	-	-	-	60,934
Gross financial assets	7,644	-	-	-	432,941
Financial liabilities					
Mortgage backed loan notes due 2040	-	-	-	-	436,014
Derivative liabilities	-	-	-	-	60
Gross financial liabilities	-	-	-	-	436,074

Notes to the Financial Statements (continued)

15 Financial instruments (continued)

2009

	< 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	5+ years £000
Financial assets:					
Loan to Originator	-	-	-	-	399,248
Cash at bank and in hand	11,152	-	-	-	-
Derivative financial assets	-	-	-	-	94,668
Gross financial assets	11,152	-	-	-	493,916
Financial liabilities:					
Mortgage backed loan notes due 2040	-	-	-	-	499,392
Derivative liabilities	-	-	-	-	1,548
Gross financial liabilities	-	-	-	-	500,940

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 (continued)

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 State Street Administration Services (UK) Limited. The Company has paid a fee of £4,500 (2009 £4,600) to State Street Administration Services (UK) Limited for the provision of the two directors. The third director is an employee of Commercial First Mortgages Limited - the special service provider.

The Company undertook the following transactions with companies in the Commercial First Group Limited and BMF Holdings Limited group.

Interest Receivable and similar income

	2010 £000	2009 £000
Interest on loan to Originator	16,266	26,967

Interest Payable and similar charges

	2010 £000	2009 £000
Interest on mortgage backed loan notes	13,831	24,541
Interest on subordinated loan	810	1,023
Operating expenses	629	689

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

	2010 £000	2009 £000
Non- current assets		
Loan to Originator	372,007	399,248

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.