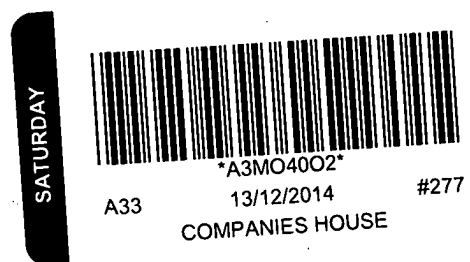


MORTGAGE EXPRESS HOLDINGS

Directors' Report and Financial Statements for the 15 months to 31 March 2014

Registered number: 02412659



Mortgage Express Holdings

Directors' Report and Financial Statements for the 15 months to 31 March 2014

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Mortgage Express Holdings

Company Information

Director

Ian John Hares

John Gornall

Company Secretary

Claire Louise Craigie

Registered Office

PO Box 88

Croft Road

Crossflatts

Bingley

West Yorkshire

BD16 2UA

Mortgage Express Holdings

Directors' Report for the 15 months to 31 March 2014

The Directors present their Report and Financial Statements of Mortgage Express Holdings ('the Company') for the 15 months to 31 March 2014.

The Company's accounting reference date has been changed from 31 December to 31 March to align to the year end of the Company's controlling party, HM Treasury.

Principal activity and business review

The Company qualifies as a small company in accordance with sections 381-382 of the Companies Act 2006 (the 'Act'). The Directors' report has therefore been prepared taking into consideration the entitlement to small companies exemptions provided in section 414B and 415A of the Act.

The principal activity of the Company was to operate as the holding company for mortgage lending entities. The principal subsidiaries operated in an agency capacity, to enable the collection and distribution of cash from mortgage loans secured on residential property.

During 2012, shares in HSMS, Scotlife Homeloans (No. 2) Limited, Silhouette Mortgages Limited, Finance for Mortgages Limited and Mortgage Express (No. 2) were transferred to Bradford & Bingley Investments, the immediate parent company for nil consideration.

The Company has not traded during the period or preceding period.

Controlling Party

The Company's immediate parent undertaking is Bradford & Bingley Investments, an unlimited company incorporated and domiciled in the United Kingdom.

Bradford & Bingley Investments' immediate parent undertaking is Bradford & Bingley plc ('B&B') a public company incorporated and domiciled in the United Kingdom. B&B heads the smallest group of companies into which the Financial Statements of the Company are consolidated.

B&B's ultimate parent undertaking is UK Asset Resolution Limited ('UKAR') a private limited company incorporated and domiciled in the United Kingdom, which is wholly owned by the Treasury Solicitor as nominee for HM Treasury. The Company considers Her Majesty's Government to remain its ultimate controlling party.

Dividends

No dividend was paid in the 15 months to 31 March 2014 (12 months to 31 December 2012: £1,114,533) and the Directors do not recommend the payment of a final dividend for the 15 months to 31 March 2014 (12 months to 31 December 2012: £1,114,533).

Risk management and control

The Directors have responsibility for the overall system of internal control and for reviewing its effectiveness. The effectiveness of the risk management is then monitored on an ongoing basis. Details of the financial risk management within the Company are given in note 11.

Mortgage Express Holdings

Directors' Report for the 15 months to 31 March 2014 (continued)

Directors and their interests

The Directors who served during the period were as follows:

Phillip Alexander McLelland (resigned 25 November 2013)

Paul Martin Hopkinson (resigned 30 June 2014)

Ian John Hares (appointed 25 November 2013)

John Gornall (appointed 30 June 2014)

The Directors did not hold any interest in the ordinary shares of the Company during the 15 months to 31 March 2014 or the 12 months to 31 December 2012. The Directors had no interest in the loan capital of B&B or any other interest in the share or loan capital of its subsidiaries.

Mr McLelland was, until 25 November 2013, a Director of B&B and UKAR.

Mr Hares is a Director of B&B and UKAR.

Directors' indemnities

Qualifying third party indemnity provision for the benefit of all Directors was in force during the period under review, and remains in force at the date of approval of the Directors' Report and Financial Statements.

UKAR has also arranged Directors' and Officers' Insurance on behalf of the Directors in accordance with the provisions of the Companies Act 2006.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 period. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- State whether applicable IFRS as adopted by the European Union 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 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.

Mortgage Express Holdings

Directors' Report for the 15 months to 31 March 2014 (continued)

Disclosure of information to auditors

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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office until the next annual general meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board



John Gornall

Director

10 December 2014

Mortgage Express Holdings

Independent Auditors' Report to the members of Mortgage Express Holdings

Report on the Financial Statements

Our Opinion

In our opinion the Financial Statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its loss and cash flows for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Financial Statements which are prepared by Mortgage Express Holdings comprise:

- the Balance Sheet as at 31 March 2014;
- the Statement of Comprehensive Income for the period then ended;
- the Cash Flow Statement for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the Financial Statements, which include a summary of principal accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of Financial Statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the Financial Statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mortgage Express Holdings

Independent Auditors' Report to the members of Mortgage Express Holdings (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the Financial Statements are prepared is consistent with the Financial Statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
10 December 2014

Mortgage Express Holdings

Statement of Comprehensive Income for the 15 months to 31 March 2014

	Note	15 months to 31 Mar 2014 £	12 months to 31 Dec 2012 £
Dividend income from investments in subsidiary undertakings	7	-	351,815
Write off of investment in subsidiary		(2)	-
(Loss)/Profit before taxation		(2)	351,815
Taxation	3	-	1,027
(Loss)/Profit for the financial period/year		(2)	352,842
Other comprehensive income for the financial period/year		-	-
Total comprehensive (expense)/income for the financial period/year		(2)	352,842

Mortgage Express Holdings

Balance Sheet as at 31 March 2014

Registered number: 02412659

	Note	At 31 March 2014 £	At 31 December 2012 £
Assets			
Investments in Group undertakings		-	2
Total non-current assets		-	2
Amounts due from Group undertakings		-	539
Total current assets		-	539
Total assets		-	541
Liabilities			
Current tax liabilities		-	539
Total current liabilities		-	539
Equity			
Share capital	8	2	2
Accumulated losses/retained earnings		(2)	-
Total equity		-	2
Total equity and liabilities		-	541

The notes on pages 13 to 17 form an integral part of these Financial Statements.

The Financial Statements were approved by the Board of Directors and authorised for issue on 10 December 2014 and signed on its behalf by:



John Gornall
Director

Mortgage Express Holdings

Statement of Changes in Equity for the 15 months to 31 March 2014

For the 15 months to 31 March 2014

	Share capital £	Retained earnings/ Accumulated losses £	Total equity £
At 1 January 2013	2	-	2
Total comprehensive expense for the financial period	-	(2)	(2)
At 31 March 2014	2	(2)	-

For the 12 months to 31 December 2012

	Share capital £	Retained earnings £	Total equity £
At 1 January 2012	2	761,691	761,693
Total comprehensive income for the financial year	-	352,842	352,842
Dividend	-	(1,114,533)	(1,114,533)
At 31 December 2012	2	-	2

Mortgage Express Holdings

Cash Flow Statement for the 15 months to 31 March 2014

	Note	15 months to March 2014 £	12 months to December 2012 £
Cash flows from operating activities			
(Loss)/Profit before tax		(2)	351,815
Cash flows from operating activities before changes in operating assets and liabilities		(2)	351,815
Net increase in operating assets:		-	
- amounts due from Group undertakings		539	786,455
- investments in Group undertakings		2	1,012,486
Net decrease in operating liabilities:			
- amounts owed to Group undertakings		-	(1,036,223)
Taxation paid		(539)	-
Net cash flows generated from operating activities		-	1,114,533
Cash flows from financing activities:			
Dividends paid		-	(1,114,533)
Net cash used in financing activities		-	(1,114,533)
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

Mortgage Express Holdings

Notes to the Financial Statements for the 15 months to 31 March 2014

1. Principal accounting policies

The Company is an unlimited company incorporated and domiciled in the United Kingdom.

The Company's accounting reference date has been changed from 31 December to 31 March to align to the year end of the Company's controlling party HM Treasury.

(a) Statement of compliance

The Company's Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS').

The Financial Statements comply with the relevant provisions of Part 15 of the Companies Act 2006 and regulations made thereunder.

For these 2014 Financial Statements, including the 2012 comparative financial information where applicable, the Company has adopted for the first time the following statements:

- IFRS 13 'Fair Value Measurement' and the associated amendments to IFRS 7 'Financial Instruments: Disclosures'. IFRS 13 sets out principles for measurement of the fair value of financial assets and liabilities, but does not change which items are carried at fair value. In order to comply with IFRS 13, the Company has made minor changes to methods for calculating fair values; the impacts on the 2014 Financial Statements were not material. In accordance with IFRS 13, no restatement has been made of prior period fair values. IFRS 13 and the amended IFRS 7 also introduced additional disclosure requirements.
- The December 2011 amendments to IFRS 7 'Financial Instruments: Disclosures' and IAS 32 'Financial Instruments: Presentation' relating to the offsetting of financial assets and financial liabilities. These amendments had no material impact on the Company.
- The Annual Improvements to IFRSs 2009-2011 Cycle, issued in May 2012. These changes had no material impact on the Company.

For these 2014 Financial Statements the Company has not adopted the following statements; the Company is assessing the impacts of these statements on its Financial Statements:

- IFRS 9 'Financial Instruments', sections of which have been issued as part of the International Accounting Standard Board's ('IASB's') project to replace IAS 39 'Financial Instruments: Recognition and Measurement'; this statement has not yet been adopted for use in the EU. The Company continues to monitor developments.
- The Annual Improvements to IFRSs 2010-2012 Cycle, issued in December 2013. These changes are mandatory for the Company's Financial Statements for the year to 31 March 2016.
- The Annual Improvements to IFRSs 2011-2013 Cycle, issued in December 2013. These changes are mandatory for the Company's Financial Statements for the year to 31 March 2016.

All other new standards, amendments to standards and interpretations are not considered relevant to, and have no impact upon, the Financial Statements of the Company.

Mortgage Express Holdings

Notes to the Financial Statements for the 15 months to 31 March 2014 (continued)

1. Principal accounting policies (continued)

(b) Basis of preparation

The Financial Statements are prepared on the historical cost basis, all of the Company's financial assets and liabilities are carried at amortised cost and on a going concern basis.

The Directors consider that the accounting policies set out in this note are the most appropriate to the Company's circumstances, have been consistently applied to the Company in dealing with items which are considered material, and are supported by reasonable and prudent estimates and judgements.

The Financial Statements have been prepared in accordance with EU adopted IFRS, IFRIC interpretations issued by the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee) and with those parts of the Companies Act 2006 (the 'Act') applicable to companies reporting under IFRS. A summary of accounting policies is set out below. The preparation of the Financial Statements in conformity with these accounting policies and generally accepted accounting principles requires the use of estimates and assumptions that affect the reported values of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates; further information is provided in note 2.

2. Critical accounting judgements and estimates

In preparation of the Financial Statements judgements and estimates may be made which may affect the reported amounts of assets and liabilities; judgements and estimates are kept under continuous evaluation. Judgements and estimates are based on historical experience, expectations of future events and other factors. At 31 March 2014 or 31 December 2012 there were no critical accounting judgements and estimates.

3. Taxation

	At 31 March 2014 £	At 31 December 2012 £
<i>Current taxation charge/(credit):</i>		
Adjustments in respect of previous periods	-	(1,027)
Total taxation charge/(credit) per the Statement of Comprehensive Income	-	(1,027)
Profit before taxation	(2)	351,815
UK corporation tax at 23.2% (2012: 24.5%)	-	86,195
Effects of:		
Non-taxable income	-	(86,195)
Adjustments in respect of previous periods	-	(1,027)
Total taxation charge/(credit) per the Statement of Comprehensive Income	-	(1,027)

Mortgage Express Holdings

Notes to the Financial Statements for the 15 months to 31 March 2014 (continued)

4. Employees and Directors' emoluments

There were no employees during the period (2012: none) and the Directors did not receive emoluments in respect of their services to the Company during the period (2012: £nil).

5. Auditors' remuneration

Auditors' remuneration of £1,003 (2012: £1,003) was borne by the Company's parent undertaking B&B.

6. Investments in Group undertakings

	At 31 March 2014 £	At 31 December 2012 £
Shares in subsidiary undertakings:		
At beginning of the period/year	2	1,012,488
Additions	-	4
Return of capital	-	(1,008,498)
Write off/Disposal	(2)	(3,992)
At the end of the period/year	-	2

During 2012 the Company received a dividend of £351,815 from certain subsidiary undertakings.

7. Related party disclosures

The Company is controlled by its Board of Directors.

During the period and previous year the Company had the following balances with companies in the B&B Group.

	Mortgage Express Holdings and subsidiaries 2014 £	B&B and subsidiaries 2014 £	Mortgage Express Holdings and subsidiaries 2012 £	B&B and subsidiaries 2012 £
Interest and similar income				
Dividend income from investments in subsidiary undertakings	-	-	351,815	-
Non-current assets				
Investments	-	-	2	-
Current assets				
Amounts due from Group undertakings	-	-	-	539

During the financial period, the Company paid a dividend of £nil (2012: £1,114,533) to Orvieto Limited.

Mortgage Express Holdings

Notes to the Financial Statements for the 15 months to 31 March 2014 (continued)

7. Related party disclosures (continued)

Auditors' remuneration of £1,003 (2012: £1,003) for the period was borne by B&B and was not recharged to the Company.

8. Share capital

	At 31 March 2014 Number	At 31 December 2012 Number	At 31 March 2014 £	At 31 December 2012 £
Allotted, issued but not paid				
Ordinary shares of £1 each	2	2	2	2

These shares rank equally in respect of rights attached to voting, dividends and in the event of a winding up.

9. Capital structure

The Company's capital is represented by the capital and reserves attributable to equity holders. The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies. The Company manages its capital and reserves in order that there is sufficient capital to meet the needs of the Company in its operations.

10. Financial instruments

In the opinion of the Directors, the fair value of the Company's amounts due from Group undertakings equates to their carrying value.

	Loans and receivables £	Total carrying value £	Fair value £
At 31 December 2012			
Amounts due from Group undertakings	539	539	539

11. Financial risk management

Nature and extent of risks arising from financial instruments

The main financial risk arising from the Company's activities is credit risk.

a) Credit risk

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company. As at 31 March 2014 the Company has no material exposure to credit risk. As at 31 December 2012, the Company was exposed to credit risk on amounts due from Group undertakings. The maximum exposure to credit risk was represented by the carrying amount of each financial asset.

Mortgage Express Holdings

Notes to the Financial Statements for the 15 months to 31 March 2014 (continued)

11. Financial risk management (continued)

a) Credit risk (continued)

Before taking account of any collateral, the maximum exposure to credit risk was:

	At 31 March 2014	At 31 December 2012
	£	£
Amounts due from Group undertakings	-	539
Total on Balance Sheet, and maximum exposure to credit risk	-	539

The directors are of the opinion that the Company has no material exposure to market risk.

12. Ultimate parent undertaking

The Company's immediate parent undertaking during 15 months to 31 March 2014 and the 12 months to 31 December 2012 was Bradford & Bingley Investments, an unlimited company incorporated and domiciled in the United Kingdom. Bradford & Bingley Investments' immediate parent undertaking during the period and previous period was B&B, a public company incorporated and domiciled in the United Kingdom. B&B heads the smallest group of companies into which the Financial Statements of the Company are consolidated. Copies of the Annual Report and Accounts of B&B may be obtained from the Company Secretary at Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA.

On 1 October 2010 all shares in B&B were acquired via a share-for-share exchange by UKAR, a private limited company incorporated and domiciled in the United Kingdom, which is wholly owned by the Treasury Solicitor as nominee for HM Treasury. The Company considers Her Majesty's Government to remain its ultimate controlling party. UKAR heads the largest group of companies into which the Financial Statements of the Company are consolidated. Copies of the Annual Report and Accounts of UK Asset Resolution Limited may be obtained from the Company Secretary at Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA.

13. Events after the reporting period

The Directors are of the opinion that there have been no significant events which have occurred since 31 March 2014 to the date of this report that are likely to have a material effect on the Company's financial position as disclosed in the Financial Statements.