

Mortgage Agency Services Number Five Limited
(previously Chambergrange Limited)

Directors' report and accounts

for the period ended 31 December 2002



Mortgage Agency Services Number Five Limited (previously
Chambergrange Limited)

Directors' report and accounts

for the period ended 31 December 2002

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**Mortgage Agency Services Number Five Limited (previously
Chambergrange Limited)**

Directors and advisors for the period ended 31 December 2002

Directors

G A Gregory
S Williams
R S Green
PCSL Services No. 1 Ltd
P A Mills

Secretary

R S Green

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Registered Office

Britannia House
Cheadle Road
Leek
Staffordshire
ST13 5RG

Registered Number

4420522

Mortgage Agency Services Number Five Limited (previously Chambergrange Limited)

Directors' report for the period ended 31 December 2002

The directors present their report and the audited financial statements of the company for the period ended 31 December 2002.

Principal activities

The principal activity of the company is that of holding residential mortgage portfolios.

Review of business and future developments

The company was incorporated on 19 April 2002 as Chambergrange Limited. On 26 June 2002 it changed its name to Mortgage Agency Services Number Five Limited.

The company acquired a residential mortgage portfolio from Mortgage Agency Services Number One Limited, a wholly owned subsidiary undertaking of Britannia Treasury Services Limited, on 30 September 2002. Detail of the acquisition is given in Note 12.

Both the level of business and the period end financial position were satisfactory.

Results and dividends

The loss for the period amounted to £1,598,317. No dividend is proposed.

Directors and their interests

The directors who held office during the year are given below:

G A Gregory
S Williams
R S Green
PCSL Services No. 1 Ltd
P A Mills

No director had any beneficial interest in the share capital of the company or any other company in the group at any time during the year under review.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mortgage Agency Services Number Five Limited (previously Chambergrange Limited)

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 29 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



R S Green

Secretary

6th October 2003

Mortgage Agency Services Number Five Limited (previously Chambergrange Limited)

Independent auditors' report to the members of Mortgage Agency Services Number Five Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
6 October 2003

**Mortgage Agency Services Number Five Limited (previously
Chambergrange Limited)**

Profit and loss account for the period ended 31 December 2002

	Notes	Period from 19 April 2002 to 31 December 2002 £
Interest receivable and similar income	2	1,244,848
Interest payable and similar charges	3	(686,125)
Net interest receivable		558,723
Administration expenses :		
Amortisation of premium	8	(351,000)
Provision for bad and doubtful debts		(1,619,634)
Other		(62,241)
Total administration expenses		(2,032,875)
Loss on ordinary activities before taxation	1	(1,474,152)
Tax on loss on ordinary activities	5	(124,165)
Loss for the year transferred to reserves	13	(1,598,317)

There were no recognised gains or losses or movements in equity shareholders' funds other than the loss for the period. The results for the period were derived from continuing operations.

The accounting policies and notes on pages 7 to 11 form part of these financial statements.

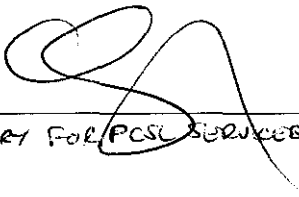
Mortgage Agency Services Number Five Limited (previously Chambergrange Limited)

Balance sheet as at 31 December 2002

	Notes	2002 £
Current assets		
Debtors:		
Recoverable in less than one year	6	3,394,000
Recoverable in more than one year	7	61,550,009
Premium on acquisition	8	3,656,314
Cash at bank and in hand		30,060
		68,630,383
Current liabilities		
Creditors: amounts falling due within one year	9	(66,740)
Net current assets		68,563,643
Creditors: amounts falling due after more than one year	10	(69,661,960)
		(1,098,317)
Capital and reserves		
Called up equity share capital	11	500,000
Profit and loss account	13	(1,598,317)
Equity shareholders' funds	13	(1,098,317)

The accounting policies and notes on pages 7 to 11 form part of these financial statements.

Approved by the board of directors on 6th October 2003 and signed on their behalf by:


 C. GREGORY FOR MCA SERVICES NO 1 LIMITED
 Director

Mortgage Agency Services Number Five Limited (previously Chambergrange Limited)

Accounting policies

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Interest receivable and payable

Interest is accrued in the profit and loss account on a receivable and payable basis.

Taxation

Corporation tax, and any group relief arising, is provided at current rates on the taxable profit for the period.

Deferred tax is provided at current rates where it is considered that a liability is likely to arise in the foreseeable future.

Cash flow statement

The company has not presented a cash flow statement as permitted by Financial Reporting Standard No. 1 (Cash flow statement) (Revised) as its cash flows are consolidated in the financial statements of Britannia Building Society, the company's ultimate parent undertaking.

Provisions for advances and loans

Specific provisions are considered for potential losses on individual residential loans and advances which are either in possession or are three months or more in arrears. Provision has been made for unpaid interest up to the balance sheet date.

General provisions are considered for potential losses which, although not yet specifically identified, are known from experience to exist, and are based on the directors' assessment of the recent experience of loan losses, anticipated trends for loan losses and other relevant factors.

Interest on loans and advances that is considered to be irrecoverable is written off to the profit and loss account. Allowance is made for expected recoveries under indemnity insurance arrangements.

Premium on acquisition

Premiums paid for mortgages in excess of the fair value of the net tangible assets acquired are amortised through the profit and loss account over the expected life of the asset.

**Mortgage Agency Services Number Five Limited (previously
Chambergrange Limited)**

**Notes to the financial statements
for the period ended 31 December 2002**

1 Loss on ordinary activities before taxation

	2002 £
Loss on ordinary activities before taxation is stated after charging:	
Auditors' remuneration in respect of audit services	2,000

2 Interest receivable and similar income

	2002 £
Interest receivable	1,194,412
Commission receivable	50,436
	1,244,848

3 Interest payable and similar charges

	2002 £
Interest and similar charges payable to Group undertakings	686,125
	686,125

4 Employees and directors

The company has no employees.

None of the directors received any emoluments in respect of their services during the period.

Four directors have benefits accruing under the Britannia Building Society Pension scheme, and the details are disclosed in the accounts of the society.

Mortgage Agency Services Number Five Limited (previously Chambergrange Limited)

5 Taxation

	2002 £
Deferred tax	124,165
	124,165

Factors affecting tax charge for the year

The corporation tax assessed for the period is lower than the standard rate of corporation tax in the U.K. (30%). The differences are explained below.

	2002 £
Loss on ordinary activities before tax	(1,474,152)
Loss before tax multiplied by standard rate of tax	(442,246)
Effects of:	
Movements in short term timing differences	442,246
Corporation tax charge for the year	-

6 Debtors: amounts recoverable in less than one year

	2002 £
Other debtors	80,000
Mortgage advances secured on residential property held in the U.K.	3,314,000
	3,394,000

7 Debtors: amounts recoverable in more than one year

	2002 £
Mortgage advances secured on residential property and on land held in the U.K.	61,550,009

8 Premium on acquisition

	2002 £
Arising on acquisition (Note 12)	3,932,199
Added during the period	75,115
Amortised during the period	(351,000)
As at 31 December	3,656,314

**Mortgage Agency Services Number Five Limited (previously
Chambergrange Limited)**

9 Creditors: amounts falling due within one year

	2002 £
Other creditors	66,740
	66,740

10 Creditors: amounts falling due after more than one year

	2002 £
Amounts owed to Group undertakings	69,537,795
Deferred tax	124,165
	69,661,960

The above amounts due to Group undertakings are due to Britannia Treasury Services Limited. There is no formal repayment schedule for these monies. The nature of the loan is such, however, that repayment cannot be anticipated within one year.

Deferred tax provided in the financial statements comprises:

	2002 £
Short term timing differences	149,124
Tax losses carried forward	(24,959)
	124,165

11 Called up equity share capital

	2002 £
Authorised	
500,000 ordinary shares of £1 each	500,000
Allotted and fully paid	
500,000 ordinary shares of £1 each	500,000

Mortgage Agency Services Number Five Limited (previously Chambergrange Limited)

12 Acquisition of mortgage portfolio

The company acquired for cash a residential mortgage portfolio on 30 September 2002, from Mortgage Agency Services Number One Limited, a wholly owned subsidiary of Britannia Treasury Services Limited.

	2002 £
Book and fair value of mortgages acquired	69,464,129
Premium	3,932,199
	<u>73,396,328</u>
Satisfied by :	
Cash	73,396,328
	<u>73,396,328</u>

13 Equity shareholders' funds

	2002 £
Loss for the period after taxation	(1,598,317)
Issue of share capital	500,000
Shareholders' funds at 31 December 2002	<u>(1,098,317)</u>

14 Ultimate parent undertaking

The company's immediate parent undertaking is Britannia Treasury Services Limited, a company registered in England.

Britannia Treasury Services Limited is wholly owned by Britannia Building Society, a body corporate registered in England. Copies of Britannia Building Society's accounts may be obtained from:

Britannia House, Cheadle Road, Leek, Staffordshire, ST13 5RG

The Society, as a mutual organisation, is owned by its members and, consequently, has no ultimate controlling body.

15 Related party disclosures

Transactions with other companies within the Group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No. 8 (Related party disclosures), as the consolidated accounts of Britannia Building Society in which the company is included are available at the address noted above.