Company Registration Number 5479512

DECO SERIES 2005–UK CONDUIT 1 PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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FOR THE YEAR ENDED 31 MARCH 2009

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COMPANY INFORMATION

The board of directors	Wilmington Trust SP Services (London) Limited Mr M H Filer Mr J Traynor
Company secretary	Wilmington Trust SP Services (London) Limited
Registered office	c/o Wilmington Trust SP Services (London) Limited 5th Floor 6 Broad Street Place London EC2M 7JH
Auditors	Deloitte LLP London

DECO SERIES 2005–UK CONDUIT 1 PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES AND ENHANCED BUSINESS REVIEW
The Company is a special purpose company established in order to issue floating rate loan notes due July 2017 ("the Notes"), to acquire the beneficial interest in a mortgage portfolio ("the mortgage loans") from Deutsche Bank AG, London Branch, to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 8 July 2005. On 12 July 2005, the Company issued £236,056,634 floating rate loan notes in accordance with the Offering Circular.

BUSINESS REVIEW
The key performance indicator of the business is considered to be the net interest margin. In the year ended 31 March 2009, the Company achieved a net interest margin (net interest income divided by interest income) of 2.29% (2008: 8.06%). At the year end, the company had net liabilities of £5,305,619 (2009: net assets of £788,700) due to fair value movement on derivatives.

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

The loss after tax for the year ended 31 March 2009 was £6,094,319 (2008: £2,385,815). The loss for the year was due to fair value movement on derivatives. The directors have not recommended a dividend (2008: nil).

DIRECTORS
The directors who served the Company during the year, except as noted, were as follows:

Wilmington Trust SP Services (London) Limited
Mr M H Filer
Mr J Traynor

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

The Company also enters into derivative transactions (principally interest rate swaps and basis swaps). The purpose of such transactions is to manage the interest rate risk arising from the Company's operations and its sources of finance.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments is undertaken.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing these and the other risks arising on the Company's financial instruments and they are summarised below.

The directors acknowledge that the global macro-economic indicators and general business environment have improved in the period under review as opposed to the previous one which was subject to deterioration. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to all underlying businesses and borrowers with whom the Company has exposure through the deemed loan economic uncertainty continued to exist in global financial markets.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (CONTINUED)

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

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The 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 uses interest rate swaps and basis swaps to mitigate any residual interest rate risk.

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

The most significant concentration of credit risk is considered to be the mortgage loans to CPI Retail Active Management, Commercial and Warehouse Properties and Holaw (420) Limited totalling £32,574,800 (2008: 32,574,8000), 10,373,875 (2008: 10,475,997) and 7,362,500 (2008: 7,932,500) respectively. At 31 March 2009, the total amounts of mortgages outstanding were £74,961,771 (2008: £92,056,164). The maximum exposure to credit risk is represented by the carrying amount of the mortgage loans. The mortgage loan portfolio consists of 12 loans (2008: 14 loans) secured over 21 properties (2008: 26 properties).

Refinancing risk
The ability of a borrower to make timely payment of principal due on any Loan on the relevant Loan maturity date may be dependent upon that borrower's ability to refinance the Loan. In the event a borrower cannot refinance before or at the loan maturity date, repayment may delayed and in some circumstances the collateral which would be enforced and sold, or in the case that the charged property is sold at a value below the then outstanding principal of the Loan, repayment of the Loan may be made at below par. In such circumstances, the Company would be unable to repay certain classes of Notes in full.

If in the event of the Loans not being able to be repaid, the Notes would be written down starting from the lowest class of Note, A1, to the highest class of Note E.

Impairment
The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivable has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in profit or loss and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If, in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

The Servicer has confirmed that as at the report date the coverage and loan to value covenants have not been breached with the exception of two loan assets, receivable from Kashani Investments Limited and Mondeal Limited which comprise 1.49% and 0.75% respectively of total loan assets. The Special Servicer is currently working with the borrower on strategies to assess what options are available such as to sell the property or availability of refinance to borrower to settle current loans. The market value of the underlying properties has decreased during the year and accordingly, an impairment provision has been made against these loans totalling £792,911 as in the Directors' opinion it is not certain that the full amount outstanding at the year end, £1,682,911, will be fully recovered.

Liquidity risk
A facility provided by Calyon (London Branch) has been established which will be available, subject to certain criteria and circumstances, in the event of the Company being unable, on a temporary basis, to meet its financial commitments. The liquidity facility was renewed on 8 July 2009 to 7 July 2010. The Directors expect this facility to be renewed annually.

Further discussion of the Company's approach to financial instruments is set out in note 1 (significant accounting policies) and in note 13.

CREDITOR PAYMENT POLICY
The Company's policy concerning payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the note holders. Principal and interest is repaid quarterly in accordance with the agreements in place. The Company does not follow any other code or standard on payment practice.

AUDITORS
Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
In the case of each of the persons who are directors of the company at the date when this report was approved:

• so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and

• each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act of 1985.

Signed by order of the directors

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Company Secretary
Date: 30 October 2009

DECO SERIES 2005–UK CONDUIT 1 PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2009

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985.
International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, directors are also required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties it faces.

Signed by order of the directors

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Company Secretary
Date: 30 October 2009

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

We have audited the financial statements of Deco Series 2005-UK Conduit 1 PLC for the year ended 31 March 2009 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 whether it is consistent with the audited financial statements. We also consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Directors' Report.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2009 and of its loss 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
30 October 2009

Company Registration Number 5479512

DECO SERIES 2005–UK CONDUIT 1 PLC

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

Continuing operations	Notes	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Interest income	2	5,117,362	9,770,046
Interest expense	3	(5,000,417)	(8,982,905)
Net interest income		116,945	787,141
Impairment of Commercial mortgage loans	7	(792,911)	-
Fair value loss on derivative financial instruments	14	(5,312,292)	(3,055,170)
Operating expenses	4	(288,910)	(666,135)
Loss before tax for the year		(6,277,168)	(2,934,164)
Tax credit	5	182,849	548,349
Loss after tax for the year attributable to equity holders	10	(6,094,319)	(2,385,815)

The notes on pages 11 to 21 form part of these financial statements.

DECO SERIES 2005–UK CONDUIT 1 PLC

BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	2009 £	2008 £
Assets			
Non-current assets			
Mortgage loans	7	68,748,141	90,855,076
Current assets			
Mortgage loan	7	5,420,719	1,201,088
Trade and other receivables	8	798,078	1,093,843
Derivative financial instruments	14	-	793,242
Cash and cash equivalents	9	38,871	200,403
		6,257,668	3,288,576
Total assets		75,005,809	94,143,652
Equity			
Share capital	10	12,502	12,502
Retained (loss)/ profit	10	(5,318,121)	776,198
Total deficit/ equity	10	(5,305,619)	788,700
Liabilities			
Non-current liabilities			
Interest-bearing loans	11	69,541,052	90,855,076
Total non-current liabilities		69,541,052	90,855,076
Current liabilities			
Interest-bearing loans	11	5,420,719	1,201,088
Accrued interest	11	393,338	948,293
Trade and other payables	12	437,270	157,465
Derivative financial instruments	14	4,519,049	-
Current tax liability		-	34,382
Deferred tax liability	6	-	158,648
Total current liabilities		10,770,376	2,499,876
Total liabilities		80,311,428	93,354,952
Total equity and liabilities		75,005,809	94,143,652

The financial statements were approved and authorised for issue by the board of directors on 30 October 2009 and they were signed on their behalf by:

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

The notes on pages 11 to 21 form part of these financial statements.

DECO SERIES 2005–UK CONDUIT 1 PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
At 1 April		**788,700**	3,174,515
Loss for the year	**10**	**(6,094,319)**	(2,385,815)
Closing deficit/ equity at 31 March		**(5,305,619)**	788,700

The notes on pages 11 to 21 form part of these financial statements.

DECO SERIES 2005–UK CONDUIT 1 PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Cash flows from operating activities			
Loss before tax for the year		**(6,277,168)**	(2,934,164)
Adjustments for:			
Impairment of commercial mortgage loans		**792,911**	-
Fair value movement on derivative financial instruments	**14**	**5,312,292**	3,055,170
Bank interest receivable	**2**	**(24,640)**	(120,182)
Decrease in trade and other receivables	**8**	**295,765**	666,425
Decrease in trade and other payables	**11, 12**	**(275,150)**	(654,836)
Net cash (used in)/ generated from operating activities		**(175,990)**	12,413
Tax paid		**(10,182)**	-
		(186,172)	12,413
Investing activities			
Repayments during period	**7**	**17,098,387**	58,169,074
Bank interest received	**2**	**24,640**	120,182
Net cash generated from investing activities		**17,123,027**	58,289,256
Financing activities			
Redemption of loan notes during the year	**11**	**(17,098,387)**	(58,169,074)
Net cash used in financing activities		**(17,098,387)**	(58,169,074)
Net (decrease)/ increase in cash and cash equivalents		**(161,532)**	132,595
Cash and cash equivalents at beginning of year		**200,403**	67,808
Cash and cash equivalents at 31 March 2009	**9**	**38,871**	200,403

(As explained in the accounting policies on page 11, the cash is not freely available to be used.)

DECO SERIES 2005–UK CONDUIT 1 PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The accounting policies set out below have been applied consistently in respect of the financial year ended 31 March 2009, and for the previous financial year.

Basis of preparation

The financial statements have been prepared on the historical cost basis as modified for the revaluation of certain financial instruments under IAS 39 Financial Instruments: Recognition and Measurement.

The financial statements are presented in Pounds Sterling.

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

Basis of preparation – going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position and its principal uncertainties are set out in the Directors Report on pages 2 and 3. In addition, note 13 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The loan notes issued by the Company are non-recourse and their terms us such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements and key sources of estimation and uncertainty

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

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

Financial instruments

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

Mortgage loans

The mortgage loans and interest receivable thereon are classified as loans and receivables. The acquisition in the beneficial interest of the mortgage loans is initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

Deferred consideration
A deferred consideration charge is included in interest expense. Deferred consideration is payable to the Originator dependent on the extent to which the surplus income, in excess of the agreed margin, generated by the mortgage loans in which the Company has purchased an interest, exceeds the administration costs of the mortgage loans.

Derivative financial instruments and hedging activities
Derivative financial instruments are classified as fair value through profit and loss. The Company uses derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives are accounted for as held for trading.

IAS 39 requires all financial assets and liabilities to be recognised initially at fair value on the balance sheet. Subsequent to initial recognition, any changes in fair value of the derivatives held are recognised in the income statement.

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income and expense
Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value through profit or loss is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

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

Income tax expense
Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

Income tax expense (continued)
Under special rules issued by the Inland Revenue for securitisation companies, the Company's charge for taxation is based on its taxable profits calculated on a United Kingdom Generally Accepted Accounting Practice ("UK GAAP") basis but disclosed in accordance with IAS 12.

Standards issued but not adopted
The directors are considering the following standards which are currently in issue but are not yet effective and have not been adopted in the current financial period.

IFRS 1 (amended)/IAS 27 (amended) – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
IFRS 2 (amended) – Share based Payment – Vesting Conditions and Cancellations.
IFRS 3 (revised 2008) – Business Combinations.
IAS 23 (revised 2007) – Borrowing Costs.
IAS 27 (revised 2008) – Consolidated and Separate Financial Statements.
IAS 32 (amended)/IAS 1 (amended) – Puttable Financial Instruments and Obligations Arising on Liquidation.
IFRIC 12 – Service Concession Arrangements.
IFRIC 15 – Agreements for the Construction of Real Estate.
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segmental reporting

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

2. INTEREST INCOME

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Income from mortgage loans	**4,640,412**	8,244,603
Amortisation of discount on acquisition of mortgage portfolio	**3,994**	13,589
Net swap interest receivable	**448,316**	1,391,672
Bank interest received	**24,640**	120,182
	5,117,362	9,770,046

All income is derived from the United Kingdom

3. INTEREST EXPENSE

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Interest on loan notes	**4,596,226**	8,315,891
Amortisation of discount on floating rate notes	**3,994**	13,589
Deferred consideration	**400,197**	653,425
	5,000,417	8,982,905

4. OPERATING EXPENSES

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Administration and cash management fees	**235,854**	615,951
Audit fees for the audit of the Company's accounts	**26,098**	32,313
Fee payable to Company's auditors for tax services	**14,200**	6,051
Corporate services fees	**12,758**	11,820
	288,910	666,135

Other than the fees received for the provision of corporate services as detailed in note 15, the directors received no emoluments for their services as directors to the Company during the year (2008: none). The directors had no material interest in any contract of significance in relation to the business of the Company. The Company did not have any employees in the current year (2008: nil).

5. INCOME TAX EXPENSE

The Company, has elected to be taxed under the Taxation of Securitisation Companies 2006 (Regulations) i.e. the permanent regime. Corporation tax is therefore calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement.

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

The Company is therefore taxed by reference to the profit required to be retained in accordance with the pre-enforcement priority of payments as defined in the terms and conditions of the loan notes.

5. INCOME TAX EXPENSE (CONTINUED)

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Current tax:		
Corporation tax (credit)/charge for the year at a rate of 21% (2008: 20%)	(24,201)	24,201
Deferred tax:		
Reversal of prior years' deferred tax	(158,648)	-
Deferred tax credit for the year at a rate of 21% (2008: 20%)	-	(572,550)
Total income tax credit in income statement	(182,849)	(548,349)

	2009 £	2008 £
Reconciliation of total tax charge		
The tax assessed for the period is at the small company rate of corporation tax in the UK of 21% (2008: 20%)		
Loss before tax	(6,277,168)	(2,934,164)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 21% (2008: 20%)	(1,318,205)	(586,833)
Permanent differences relating to application of Taxation of Securitisation Companies Regulations 2006	1,294,004	-
Reversal of prior year deferred tax	(158,648)	-
Adjustment on deferred tax due to change in tax rate	-	38,484
Total income tax credit in income statement	(182,849)	(548,349)

6. DEFERRED TAX

	2009 £	2008 £
Deferred tax asset/ (liability)		
Deferred tax liability at 1 April	(158,648)	(731,198)
Reversal of prior years' deferred tax	158,648	
Credit to the income statement for the year	-	572,550
Deferred tax asset/ (liability) at 31 March	-	(158,648)

7. MORTGAGE LOANS

	2009 £	2008 £
At 1 April	92,056,164	150,211,649
Amortisation of discount	3,994	13,589
Redemptions	(17,098,387)	(58,169,074)
Impairment of commercial mortgage loans	(792,911)	-
At 31 March	74,168,860	92,056,164
The balance can be analysed as follows:		
Non-current assets	68,748,141	90,855,076
Current assets	5,420,719	1,201,088
	74,168,860	92,056,164

The mortgage loans are due for repayment by October 2012. Interest on the mortgage loans are at fixed rates ranging from 5.39% to 6.42%.

The mortgage loans are secured over commercial properties held by Deutsche Bank AG, London Branch in its capacity as Borrower Security Trustee on behalf of the Company.

7. MORTGAGE LOANS (CONTINUED)

The Servicer, Deutsche Bank, AG London branch is responsible for monitoring compliance with the loan to value and coverage covenants in accordance with the servicing agreement dated 4 October 2005. At its sole discretion it has the ability to call for a revaluation of the mortgage property. The Servicer has confirmed that as at the report date the coverage and loan to value covenants have not been breached with the exception of two loan assets, receivable from Kashani Investments Limited and Mondeal Limited which comprise 1.49% and 0.75% respectively of total loan assets. The Special Servicer is currently working with the borrower on strategies to assess what options are available such as to sell the property or availability of refinance to borrower to settle current loans. . The market value of the underlying properties has decreased during the year and accordingly, an impairment provision has been made against these loans totalling £792,911 as, in the Directors' opinion, it is not certain that the full amount outstanding at the year end, £1,682,911, will be fully recovered.

8. TRADE AND OTHER RECEIVABLES

	2009	2008
	£	£
Other debtors	2,108	2,108
Prepayments and accrued income	795,971	1,091,735
	798,079	1,093,843

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

9. CASH AND CASH EQUIVALENTS

Withdrawals from the Company's bank account are restricted by the detailed priority of payments set out in the securitisation agreements.

	2009	2008
	£	£
Cash and cash equivalents	38,871	200,403

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

10. TOTAL EQUITY

	Issued share capital	Retained profit	Total
	£	£	£
At 1 April 2007	12,502	3,162,013	3,174,515
Loss for the year	-	(2,385,815)	(2,385,815)
Balance at 31 March 2008	12,502	776,198	788,700
Loss for the year	-	(6,094,319)	(6,094,319)
Balance/ deficit at 31 March 2009	12,502	(5,318,121)	(5,305,619)

There are 50,000 authorised ordinary shares of £1 each. The issued share capital comprises two fully paid £1 shares, and 49,998 ordinary shares quarter called up and paid. Wilmington Trust SP Services (London) Limited holds one fully paid £1 share under a declaration of trust for charitable purposes.

11. INTEREST-BEARING LOANS

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate risk, see note 13.

	2009	2008
	£	£
At 1 April	92,056,164	150,211,649
Redemptions in period	(17,098,387)	(58,169,074)
Amortisation of discount	3,994	13,589
At 31 March	74,961,771	92,056,164

	2009	2008
Loan notes	£	£
Non-current liabilities	69,541,052	90,855,076
Current liabilities	5,420,719	1,201,088
	74,961,771	92,056,164

Current liabilities		
Loan notes	5,420,719	1,201,088
Interest payable on loan notes	393,338	948,293
	5,814,057	2,149,381

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

Interest-bearing loans and borrowings are repayable as follows:

Year ended 31 March 2009

	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
Liabilities	£	£	£	£	£
Loans notes	74,961,771	5,420,719	41,488,116	24,799,533	3,253,403
Interest payable	393,338	393,338	-	-	-
	75,355,109	5,814,057	41,488,116	24,799,533	3,253,403

Year ended 31 March 2008

	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
Liabilities	£	£	£	£	£
Loans notes	92,056,164	1,201,088	5,855,063	81,655,433	3,344,580
Interest payable	948,293	948,293	-	-	-
	93,004,457	2,149,381	5,855,063	81,655,433	3,344,580

The loan notes are denominated in the following currency:

	2009	2008
	£	£
Sterling	74,961,771	92,056,164

11. INTEREST-BEARING LOANS (continued)

On 12 July 2005, the Company issued £195,215,000 Class A notes due July 2017, £14,785,000 Class B notes due July 2017, £12,400,000 Class C notes due July 2017, £10,750,000 Class D notes due July 2017 and £2,906,634 Class E notes due July 2017. Interest on the Class A notes is payable at a rate of 3 month LIBOR plus 0.23%. Interest on the Class B notes is payable at a rate of 3 month LIBOR plus 0.40%. Interest on the Class C notes is payable at a rate of 3 month LIBOR plus 0.57%. Interest on the Class D notes is payable at a rate of 3 month LIBOR plus 0.80%. Interest on the Class E notes is payable at a rate of 3 month LIBOR plus 1.25%.

At the balance sheet date principal amount of £34,954,638 (2008: £52,053,026) in respect of the Class A notes was outstanding, £14,489,223 (2008: £14,489,223) in respect of the Class B notes, £12,151,935 (2008: £12,151,935) in respect of the Class C notes, £10,534,944 (2008: £10,534,944) in respect of Class D notes and £2,848,486 (2008: £2,848,486) in respect of the Class E notes was outstanding. The notes are secured by way of a fixed and floating charge over the assets of the Company. The proceeds of the notes were used by the Company to acquire the beneficial interest in the mortgage portfolio from Deutsche Bank AG, London Branch in accordance with the terms of the securitisation documents.

Interest payable on the Notes to maturity at 31 December:

	Less than one year £	1 year – 5 years £	Over 5 years £	Total £
31 March 2009	**4,277,685**	**5,938,924**	**273,680**	**10,490,289**
31 March 2008	5,602,619	13,770,821	493,014	19,866,454

12. TRADE AND OTHER PAYABLES

Current liabilities	**2009 £**	2008 £
Liquidity facility drawn	**30,274**	-
Other creditors	**812**	812
Accruals and deferred income	**406,184**	156,653
	437,270	157,465

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

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

13. FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties are set out in the Directors' Report on page 2.

The Company's financial instruments, other than derivatives, comprise mortgage loans, cash and liquid resources, interest-bearing loan notes and various receivables and payables that arise directly from its operations. The Company also enters into derivative transactions (principally interest rate swaps). The purpose of such transactions is to manage the interest rate risks arising from the Company's operations and its sources of finance.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments is undertaken.

The directors have considered the financial risks affecting the Company and have included the relevant disclosures of interest rate, credit, liquidity and currency risks in the Directors' Report.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair values

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

	Note	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
Assets					
Mortgage loans	**7**	**74,168,860**	**44,184,990**	92,056,164	92,017,540
Derivative asset	**14**	**-**	**-**	793,242	793,242
Trade and other receivables	**8**	**798,078**	**798,078**	1,093,843	1,093,843
Cash and cash equivalents	**9**	**38,871**	**38,871**	200,403	200,403
		75,005,809	**45,021,939**	94,143,652	94,105,028
Liabilities					
Interest-bearing loans and borrowings	**11**	**74,961,771**	**39,665,940**	92,056,164	84,387,315
Interest payable	**11**	**393,338**	**393,338**	948,293	948,293
Derivative liability	**14**	**4,519,049**	**4,519,049**	-	-
Trade and other payables	**12**	**437,270**	**437,270**	157,465	157,465
Current tax liability	**5**	**-**	**-**	34,382	34,382
Deferred tax liability	**6**	**-**	**-**	158,648	158,648
		80,311,428	**45,015,597**	93,354,952	85,686,103

Interest rate risk profile of financial liabilities

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

Interest rate risk

The Company is exposed to movements in interest rates and manages this exposure using interest rate swaps. More specifically, the Company is exposed to basis risk due to the timing difference in interest payment dates on the Notes and the mortgage loan and any variance between the fixed rate of interest receivable on the mortgage loans and the variable rate of interest payable on the floating rate loan notes. This risk exposure is hedged using an interest rate 'basis' swap that is taken out on inception of the securitisation.

After taking into consideration the Company's derivative instruments, the administered interest rate nature of the Company's mortgage loans, the regular re-pricing of the Company's floating rate notes, together with the nature of the Company's other assets and liabilities, the directors do not believe that the Company has any significant interest rate re-pricing exposure.

Prepayment risk

Prepayment risk on the mortgage loans arises when these are voluntarily prepaid by the relevant borrower or borrowers thereof. With respect to all of the loans, such prepayment is contingent upon the payment of a prepayment fee. Any prepayment fees required to be paid by a borrower will be paid to the Originator as part of the deferred consideration and will not form part of available funds. The directors do not believe that the Company has any significant prepayment risk.

Currency risk

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 11, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 9 and 10.

The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 1985. The Company has not breached the minimum requirement. The gearing ratios at 31 March 2009 and 31 March 2008 were 107.70% and 99.16% respectively.

Credit risk

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

The most significant concentration of credit risk is considered to be the mortgage loans to CPI Retail Active Management, Commercial and Warehouse Properties and Holaw (420) Limited totalling £32,574,800 (2008: 32,574,8000), 10,373,875 (10,475,997) and 7,362,500 (7,932,500) respectively. At 31 March 2009, the total amounts of mortgages outstanding were £74,961,771 (2008:£ 92,056,164). The maximum exposure to credit risk is represented by the carrying amount of the mortgage loans. The mortgage loan portfolio consists of 12 loans (2008: 14 loans) secured over 21 properties (2008: 26 properties).

	31 March 2009	31 March 2008
	£	£
Neither past due nor impaired	**73,278,860**	92,056,164
Impaired	**1,682,911**	-
	74,961,771	92,056,164
Less: allowance for impairment	**(792,911)**	-
	74,168,860	92,056,164

With regards to credit risk on derivatives, the directors monitor the credit rating of the swap provider and in the case of any downgrade may require the swap provider to provide sufficient collateral or transfer its obligations to another bank of the better credit rating.

Liquidity risk

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

At 31 March 2009, amount due to Calyon in respect of facility was £30,274 (2008: £nil). During the year, £47,816 (2008: £217,540) was drawn on this facility and £17,542 (2008: £217,540) was repaid. The liquidity facility expires on 7 July 2009. The Directors expect this facility to be renewed annually. The undiscounted contractual cash flows for principal and interest have been disclosed in note 11.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 31 March 2009 and the periods in which they reprice.

Year ended 31 March 2009	Effective interest rate	Total	1 to 3 months	Non interest - bearing
Assets	**(%)**	**£**	**£**	**£**
Mortgage loans	**6.09**	**74,168,860**	**74,168,860**	**-**
Trade and other receivables		**798,078**	**-**	**789,002**
Cash and cash equivalents	**0.32**	**38,871**	**38,871**	**-**
		75,005,809	**74,207,731**	**789,002**
Liabilities				
Derivative liability		**4,519,049**	**4,519,049**	**-**
Trade and other payable		**830,608**	**-**	**830,608**
Interest bearing loan notes	**5.92**	**74,961,771**	**74,961,771**	**-**
Total liabilities		**80,311,428**	**79,480,820**	**830,608**

Year ended 31 March 2008	Effective interest rate	Total	1 to 3 months	Non interest - bearing
Assets	**(%)**	**£**	**£**	**£**
Mortgage loans	6.09	92,056,164	92,056,164	-
Derivative asset		793,242	793,242	-
Trade and other receivables		1,093,843	-	1,093,843
Cash and cash equivalents	4.87	200,403	200,403	-
		94,143,652	93,049,809	1,093,843
Liabilities				
Accruals and tax liabilities		1,298,788	-	1,298,788
Interest bearing loan notes	6.24	92,056,164	92,056,164	-
Total liabilities		93,354,952	92,056,164	1,298,788

14. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2009	2008
	£	£
Interest rate swaps and basis swaps (liability)/asset	**(4,519,049)**	793,242

The interest rate swaps and basis swaps have a notional value of £73,783,098 as at 31 March 2009 (2008: £75,083,098). The interest rate swaps receive a floating rate based on 3 month LIBOR and pay a fixed rate ranging from 4.52% to 5.21% (2008: 4.52% to 5.21%). The basis swaps receive a floating rate based on 3 month LIBOR and pay a fixed rate ranging from 4.65% to 4.99% (2008: 4.65% to 4.99%). The interest rate cap limits 3 month LIBOR to 5.25%.

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

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

In relation to the repayment of the floating rate notes, the Company has identified a hybrid instrument consisting of a debt contract and a credit derivative embedded in the debt contract. This arises because repayment of the floating rate notes is dependent on repayment of the mortgage loans, which in turn depends upon the lease payments and property sale proceeds arising from the property portfolio held by the chargors. However, the credit derivatives are regarded as closely related to the host contract and therefore do not require separation. A similar hybrid instrument consisting of a debt contract and a credit derivative embedded in the debt contract arises on the repayment of the mortgage loans and, again, does not require separation.

15. RELATED PARTY TRANSACTIONS

The Company is a special-purpose company controlled by its Board of directors, which comprises three directors; Wilmington Trust SP Services (London) Limited, Mr M H Filer and J Traynor. Mr M H Filer, a director of the Company, is also a director of Wilmington Trust SP Services (London) Limited. The Company pays a corporate service fee to Wilmington Trust SP Services (London) Limited in connection with corporate services received. The fees payable to these directors for their services in the year ended 31 March 2009 amounted to £12,758 (2008: £11,820). At the end of the year, an amount of £2,034 (2008: £2,303) was outstanding and included within current liabilities: trade and other payables.

During the year, accounting services amounting to £5,054 (2008: £1,175) were charged by Wilmington Trust SP Services (London) Limited. At 31 March 2009, an amount of £4,534 (2008: £4,113) was outstanding and disclosed within current liabilities: trade and other payables.

16. ULTIMATE PARENT UNDERTAKING

Deco Series 2005-UK Conduit 1 PLC is a company incorporated in Great Britain and registered in England and Wales.

Deco Series 2005-UK Conduit 1 Holdings Limited holds 49,999 shares in the Company. Wilmington Trust SP Services (London) Limited holds one share in Deco Series 2005-UK Conduit 1 PLC and the entire share capital in Deco Series 2005-UK Conduit 1 Holdings Limited under a declaration of trust for charitable purposes.

The directors consider that Deco Series 2005-UK Conduit 1 Holdings Limited is the ultimate controlling entity of the Company by virtue of its shareholding in the Company. Deco Series 2005-UK Conduit 1 Holdings is also the largest and smallest group into which the company is consolidated.

17. POST BALANCE SHEET EVENT

At 30 September 2009, the fair value derivative liability was £4,052,000, a reduction in the liability of £467,049 since the year end.

This is a non-adjusting post balance sheet event.

Subsequent to the year end, the company elected into the permanent regime, the Taxation of Securitisation Companies 2006 (Regulations), and is taxed not on the basis of the accounts but on the basis of its "retained profit" (RP) as described in the Capital Market Arrangement, provided that the retained profit cash surplus target is met.

There were no further significant post balance sheet events to report.