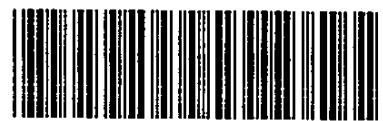


Company Registration Number: 05766459

ARRAN RESIDENTIAL MORTGAGES OPTION NO.1 LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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ARRAN RESIDENTIAL MORTGAGES OPTION NO.1 LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Balance sheet	3
Notes to the financial statements	4

ARRAN RESIDENTIAL MORTGAGES OPTION NO.1 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

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

Company secretary

Wilmington Trust SP Services (London) Limited

Company number

05766459

Registered office

c/o Wilmington Trust SP Services (London) Limited
Third Floor
1 King's Arms Yard
London
EC2R 7AF

ARRAN RESIDENTIAL MORTGAGES OPTION NO.1 LIMITED

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2010. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITIES

The Company was established for the purpose of holding an option to purchase loan notes from Arran Residential Mortgages Funding No 1 Plc. This option may only be exercised by the Company in the event of a default in the payments of the loan notes and there is no reasonable likelihood of further realisations available to pay the outstanding notes issued by Arran Residential Mortgages Funding No 1 Plc. Apart from holding the option, the Company had no transactions during the current or prior year and consequently no profit and loss is presented within these financial statements.

RESULTS AND FUTURE DEVELOPMENTS

The Company's financial position at the end of the year is shown in the attached financial statements. The directors have not recommended payment of a dividend (2009 £nil). The directors expect that the present level of activity will be sustained in the near future.

GOING CONCERN

The directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the accounts are prepared on the going concern basis.

DIRECTORS

The directors who served the Company during the current year and up to the date this report were as follows:

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

DIRECTORS' RESPONSIBILITIES

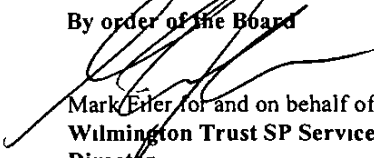
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board


Mark Filer for and on behalf of
Wilmington Trust SP Services (London) Limited
Director
16 September 2011

ARRAN RESIDENTIAL MORTGAGES OPTION NO.1 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2010

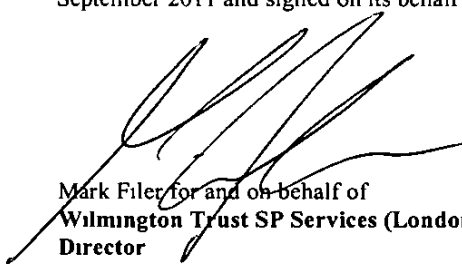
	Note	2010 £	2009 £
Current assets			
Cash at bank and in hand		<u>1</u>	<u>1</u>
Net assets		<u><u>1</u></u>	<u><u>1</u></u>
Capital and reserves			
Called up equity share capital	4	1	1
Profit and loss account		<u>-</u>	<u>-</u>
Equity shareholders' funds		<u><u>1</u></u>	<u><u>1</u></u>

The Company did not trade during the current or preceding year and has made neither profit nor loss, nor any other recognised gain or loss

For the year ending 31 December 2010

- the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies,
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements of Arran Residential Mortgages Option No 1 Limited, Company Registration 05766459 on pages 3 and 4 have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and were approved and authorised for issue by the directors on 16 September 2011 and signed on its behalf by



Mark Filer for and on behalf of
Wilmington Trust SP Services (London) Limited
Director

The notes on page 4 are an integral part of these financial statements

ARRAN RESIDENTIAL MORTGAGES OPTION NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom

The Company was established for the purpose of holding an option to purchase loan notes from Arran Residential Mortgages Funding No 1 Plc. This option may only be exercised by the Company in the event of a default in the payments of the loan notes and there is no reasonable likelihood of further realisations available to pay the outstanding notes issued by Arran Residential Mortgages Funding No 1 Plc. Apart from holding the option, the Company had no transactions during the current or prior year and consequently no profit and loss is presented within these financial statements

2. EMPLOYEES

The Company had no employees during the current or prior year

3. DIRECTORS' EMOLUMENTS

No director received any emoluments from the Company during the current or prior year

4 CALLED-UP SHARE CAPITAL

	2010	2009
Authorised	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and paid	£	£
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

5. ULTIMATE CONTROLLING PARTY

Wilmington Trust SP Services (London) Limited hold 100% of the issued share capital of the Company, being one £1 share, under a Declaration of Trust for charitable purposes. Mr M H Filer is a director of Wilmington Trust SP Services (London) Limited and Mr J Traynor is an employee of Wilmington Trust SP Services (London) Limited. Day to day control of the company rests with the directors