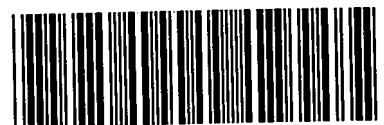


**Aldermore Holdings Limited**

Financial Statements for the year ended 31 December 2013

Registered number: 01052150

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**Aldermore Holdings Limited**

Financial statements for the year ended 31 December 2013

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**Company Information**

**Directors**

Phillip Monks

Peter Cartwright

**Secretary**

Dionne Simpson

**Registered Office**

1st Floor Block B

Western House

Lynch Wood

Peterborough

PE2 6FZ

**Auditors**

KPMG Audit Plc

**Registered number**

01052150

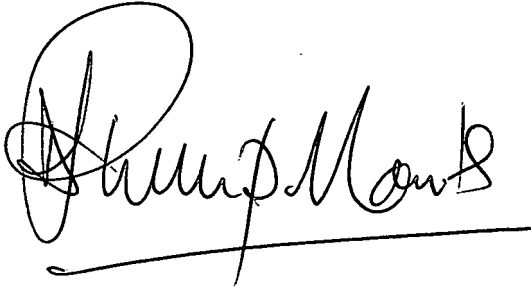
<b>Contents</b>	<b>Page</b>
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**Strategic report**

**Principal activities and business review**

Aldermore Holdings Limited ('the Company') is a holding company for Aldermore Bank PLC ('the Bank'). The Bank is authorised to accept deposits under the Financial Services & Markets Act 2000. The principal activity of the Bank is the provision of banking services.

This report was approved by the Board and was signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Phillip Monks', with a long horizontal line extending from the end of the signature.

**Phillip Monks**

Director

1 April 2014

Aldermore Holdings Limited

**Directors' report**

The directors present their report and the financial statements of Aldermore Holdings Limited for the year ended 31 December 2013.

**Results and dividends**

The Company is a holding company and did not trade during the year and therefore did not incur any income or expenditure. The directors do not recommend the payment of a dividend in respect of the year (2012: £Nil).

**Capital injections**

The Company's immediate and ultimate parent company is AC Acquisitions Limited. During 2013 £61.6 million (2012: £0.7 million) was invested in the Company which in turn invested £61.6 million (2012: £1.7 million) in equity share capital of the Bank.

**Directors**

The directors who served during the year were as follows:

Phillip Monks

Peter Cartwright

Certain directors benefited from qualifying third party indemnity provisions in place during the year ended 31 December 2013 and at the signing date of these financial statements.

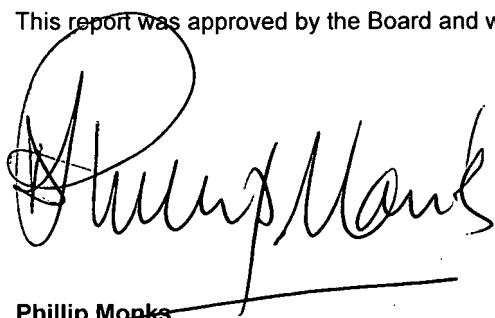
**Disclosure of information to auditors**

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.

**Auditor**

Our auditor, KPMG Audit Plc, has instigated an orderly wind-down of business and is not seeking reappointment. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning their appointment will be put to the forthcoming Annual General Meeting of the Company.

This report was approved by the Board and was signed on its behalf by:

A large, stylized handwritten signature in black ink, appearing to read 'Phillip Monks', is written over a horizontal line.

**Phillip Monks**

Director

1 April 2014

**Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

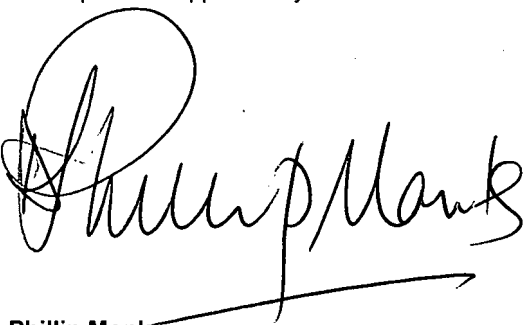
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

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

This report was approved by the Board and was signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Phillip Monks', with a large, stylized loop at the top and a long horizontal stroke extending to the right.

**Phillip Monks**

Director

1 April 2014

**Independent Auditor's report to the members of Aldermore Holdings Limited**

We have audited the financial statements of Aldermore Holdings Limited for the year ended 31 December 2013 set out on pages 8 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 auditor**

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

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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



**John Ellacott (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

*Chartered Accountants*

Leeds

1 April 2014



**Aldermore Holdings Limited**

Financial statements for the year ended 31 December 2013

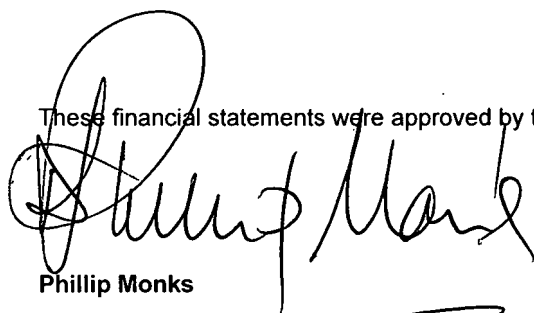
**Profit and loss account**

During the financial year and previous financial year, the Company did not trade or receive any income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss and therefore no profit and loss account and no statement of recognised gains and losses has been prepared. The results for the year are derived entirely from continuing activities.

**Balance sheet as at 31 December**

	Note	2013	2012
		£'000	£'000
<b>Investment in subsidiary</b>	4	<u>234,737</u>	<u>173,180</u>
<b>Current assets</b>			
Cash at bank – deposit with subsidiary undertaking		-	-
Other assets – receivable from subsidiary undertaking		-	-
		<u>234,737</u>	<u>173,180</u>
<b>Current liabilities</b>			
Accruals – payable to parent company		-	-
<b>Net assets</b>		<u>234,737</u>	<u>173,180</u>
<b>Capital and reserves</b>			
Called up share capital	5	511	511
Share premium account	6	233,225	171,668
Profit and loss account	6	<u>1,001</u>	<u>1,001</u>
<b>Shareholder's funds</b>	7	<u>234,737</u>	<u>173,180</u>

These financial statements were approved by the Board and were signed on its behalf by:

**Phillip Monks**

Director

1 April 2014

Registered number: 01052150

The notes and information on pages 9 to 11 form part of these financial statements.

**Notes to the financial statements**

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

**1 Accounting policies**

*a) Accounting basis*

The financial statements are prepared under the historical cost convention and are in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which has been applied consistently.

*b) Going concern*

The financial statements are prepared on a going concern basis, as the directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet of the AC Acquisitions Limited Group, future projections of profitability, cash flows and capital resources and the longer term strategy of the Group. The Group's capital and liquidity plans have been reviewed by the directors and are reported against at least monthly, including stress tests. The Group's forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for the foreseeable future. After making due enquiries, the directors believe that the Group has sufficient resources to continue its activities throughout 2014 and to continue its expansion, and the Group has sufficient capital to enable it to continue to meet its regulatory capital requirements as set out by the PRA.

*c) Consolidation*

The Company has taken advantage of the exemption, allowed under section 400 of the Companies Act 2006, not to prepare group accounts as it is a wholly owned subsidiary of AC Acquisitions Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of AC Acquisitions Limited.

*d) Cash flow statement*

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that its ultimate parent company, AC Acquisitions Limited, includes the Company in its own published consolidated financial statements.

*e) Investments in subsidiaries*

Investments in subsidiaries are initially recognised at cost. The Company recognises income from an investment only to the extent that it receives distributions from post-acquisition accumulated profits. Distributions received in excess of such profits are regarded as a recovery of investment and recognised as a reduction in the cost of the investment. At each reporting date, an assessment is made as to whether there is any indication that the investment may be impaired. If such an indication exists, the company estimates the investment's recoverable amount. The investment is written down to the recoverable amount if this is lower than its carrying value. The impairment loss is recognised in the profit and loss account within other operating expenses.

*f) Capital raising costs*

Costs directly incremental to the raising of share capital are netted against the share premium accounts.

**Notes to the financial statements (continued)****2 Staff costs**

The Company has not traded during the year and has made neither a profit nor a loss. The directors of the Company are employed by Aldermore Bank PLC. There were no employees during the year ended 31 December 2013 (31 December 2012: nil).

**3 Profit and loss account**

The audit fees of £5,000 (2012: £5,000) for the Company are borne by the Company's subsidiary, Aldermore Bank PLC, and are not recharged to the Company.

**4 Investment in subsidiary**

	2013 £'000	2012 £'000
<b>Cost</b>		
At 1 January	173,180	171,491
Invested in Aldermore Bank PLC	61,557	1,700
Capital raising costs	-	(11)
	<u>234,737</u>	<u>173,180</u>
<b>Impairment</b>		
At 31 December	-	-
Net book value at 31 December	<u>234,737</u>	<u>173,180</u>

The Company owns 99.9% of the issued ordinary share capital of Aldermore Bank PLC. During the year to 31 December 2013 the Company invested £61.6 million (2012: £1.7 million) in Aldermore Bank PLC.

**5 Share capital**

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each		
At 1 January	511,260	511,259
Shares issued during year	5	1
At 31 December	<u>511,265</u>	<u>511,260</u>

## Notes to the financial statements (continued)

## 6 Reconciliation of movements in reserves

	Share premium account		Profit and loss account		Total	
	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	171,668	170,979	1,001	1,001	172,669	171,980
Profit for the year	-	-	-	-	-	-
Shares issued during the year	61,557	700	-	-	61,557	700
Capital raising costs	-	(11)	-	-	-	(11)
At 31 December	<u>233,225</u>	<u>171,668</u>	<u>1,001</u>	<u>1,001</u>	<u>234,226</u>	<u>172,669</u>

## 7 Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
Profit for the year	-	-
Shares issued during the year	61,557	700
Net additions to shareholders funds	61,557	700
Capital raising costs	-	(11)
Opening shareholders' funds	173,180	172,491
Closing shareholders' funds	<u>234,737</u>	<u>173,180</u>

## 8 Related parties

The Company has taken advantage under Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with members of the AC Acquisitions Limited Group on the grounds that it is a 100% subsidiary of AC Acquisitions Limited and the Company is included in consolidated financial statements published by AC Acquisitions Limited.

## 9 Ultimate parent company

The immediate and ultimate parent company is AC Acquisitions Limited, a private limited company incorporated in England and Wales. AC Acquisitions Limited is controlled by AnaCap Financial Partners, II L.P. (52.3%) and AnaCap Financial Partners, L.P. (47.7%).

Consolidated accounts are prepared by AC Acquisitions Limited and copies are available to the public from AC Acquisitions Limited's registered office c/o. Aldermore Bank PLC, Fourth Floor, Apex Plaza, Forbury Road, Reading, Berkshire, RG1 1AX.