

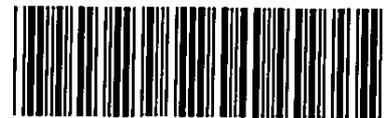
Auburn 1 Limited

Directors' report and
financial statements

Year ended 31 December 2011

Registered number 3588419

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Auburn 1 Limited

Directors' report and financial statements

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Auburn 1 Limited

Directors and other information

Directors	J C Schroeder M McDermott Wilmington Trust SP Services (London) Limited
Secretary	Wilmington Trust SP Services (London) Limited
Bankers	Barclays Bank PLC Financial Markets Team Level 28 One Churchill Place London E14 5HP
Solicitors	TLT Solicitors One Redcliff Street Bristol BS99 7JZ
Independent auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF

Auburn 1 Limited

Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 December 2011

Principal activities, business review and future developments

Auburn 1 Limited is an investment holding company which invests in companies established for the purpose of acquiring mortgage portfolios funded by publicly traded loan notes. There has been no significant change to these activities during the year.

The company's principal assets are its investments in subsidiary undertakings. Other than holding these investments, the company does not trade in its own right. The key risks associated with the company's financial investments principally relate to its ability to recover its investment cost from the net assets of each subsidiary, each of which is a vehicle through which a mortgage securitisation has been effected. In the view of the directors, the fair value of these investments is at least equal to the cost shown in the company's financial statements.

Other risks associated with the company's business include

Operational risk

This is the potential for financial or reputational loss if key internal controls were to fail. It includes loss from theft, error and systems breakdown. Capital Home Loans Limited, a related undertaking, is responsible for administering this company's and its subsidiaries' compliance with laws and regulations and its key management are tasked with the monitoring and control of such risk throughout each such company. A self-assessment process of risk mapping is conducted formally each year for the company.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet financial commitments arising from the cash flows generated by its business activities. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. The company has incurred no significant cash flows over recent years and is unlikely to be required to liquidate its investments in the foreseeable future. Accordingly, liquidity risk for the company is considered to be low.

Results and dividends

Details of the results for the year are set out in the statement of comprehensive income on page 10 and in the related notes. No dividends have been paid or proposed for either of the 2011 or 2010 financial years.

Auburn 1 Limited

Directors' report *(continued)*

Directors

The following directors held office during the year:

J C Schroeder
M McDermott
Wilmington Trust SP Services (London) Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as applied in accordance with the provisions of the Companies Act 2006

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 the company 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 IFRSs 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a 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

Policy on payment of creditors

The company is responsible for agreeing terms and conditions under which business transactions with suppliers are conducted. It is the company's policy that payments to suppliers are made in accordance with these terms, normally between 30 and 60 days, provided that the supplier is also complying with all relevant terms and conditions

Political and charitable contributions

The company made no political or charitable contributions during the year

Auburn 1 Limited

Directors' report *(continued)*

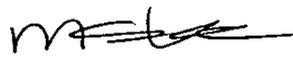
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information

Auditor

In accordance with Section 493 of the Companies Act 2006, a resolution for the re-appointment of KPMG as auditor of the company is to be proposed at the forthcoming Annual General Meeting

On behalf of the board

 **Mignon Clarke**

Wilmington Trust SP Services (London) Limited
Secretary

4 April 2012

Independent auditor's report to the members of Auburn 1 Limited

We have audited the financial statements of Auburn 1 Limited for the year ended 31 December 2011 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 3, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Auburn 1 Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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



Patricia Carroll (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

4 April 2012

Auburn 1 Limited

Statement of accounting policies

for the year ended 31 December 2011

Statement of compliance

The statutory financial statements set out on pages 7 to 13 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU. The standards adopted by the company are those endorsed by the European Union and effective as of the date of the company’s statement of financial position.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

Auburn 1 Limited is a company incorporated in the United Kingdom. The principal activities are outlined in the directors’ report.

The financial statements have been prepared on the historical cost basis. The accounting policies that the company has applied in the preparation of the financial statements for the year ended 31 December 2011 have been set out below.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about the carrying amounts of assets and liabilities. Actual results may differ from the estimates made. The estimates and assumptions are reviewed on an ongoing basis and where necessary are revised to reflect current conditions. The principal estimates and assumptions made by management relate to the carrying value of the company’s investments. Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 8.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investing or other purposes. Cash and cash equivalents consist of cash and balances with banks that are freely available and non-equity investments with a maturity of three months or less from the date of acquisition.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less provisions for impairments, if any. Dividend income is recognised when the right to receive payment is established.

Auburn 1 Limited

Statement of accounting policies *(continued)*

Foreign currencies

The company's functional currency is Pounds Sterling. The financial statements are presented in Pounds Sterling, which is also the company's presentation currency.

Foreign currency transactions are translated into Pounds Sterling at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Exchange movements on these are recognised in the statement of comprehensive income.

Financial liabilities

Financial liabilities are initially recorded at fair value and then subsequently measured at amortised cost calculated on an effective interest basis.

Consolidation of subsidiaries

The company has availed of the exemption from preparing consolidated accounts as it is controlled by an entity which itself has prepared consolidated financial statements in the required format. These financial statements present the results of the single entity only, accordingly.

Income tax expense

Income tax expense comprises both current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent it relates to an item which is recognised directly in equity, in which case it is recognised directly in equity. Current tax payable is provided on taxable profits at current taxation rates enacted or substantively enacted at the year end and also includes any adjustments to tax payable in respect of previous years. Deferred tax is provided using the statement of financial position liability method on all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, without discounting. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised when it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities and assets are offset only where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Dividends

Final dividends on ordinary shares are recognised in equity in the period in which they are approved by the company's shareholder. Interim dividends are recognised in equity in the period in which they are paid.

Auburn 1 Limited

Registered number 3588419

Statement of financial position at 31 December 2011

	<i>Note</i>	2011 £	2010 £
Assets			
Investments in subsidiaries	<i>1</i>	37,506	37,506
Prepayments and accrued income	<i>2</i>	1	1
		<hr/>	<hr/>
Total assets		37,507	37,507
		<hr/>	<hr/>
Shareholders' equity			
Issued share capital	<i>3</i>	12,503	12,503
Retained earnings		25,004	25,004
		<hr/>	<hr/>
Total equity		37,507	37,507
		<hr/>	<hr/>

The financial statements on pages 7 to 13 were approved by the board of directors on 4 April 2012 and signed on its behalf by

 **Mignon Clarke**
Wilmington Trust SP Services (London) Limited
Director

Auburn 1 Limited

Statement of comprehensive income

for year ended 31 December 2011

During the current and preceding financial years the company did not trade, received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss.

Additionally, the company had no other gains or losses during the year and accordingly, no statement of cash flow is presented.

Statement of changes in equity

for year ended 31 December 2011

During the current and preceding financial years the company did not trade, received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss. The opening and closing balances in the statement of changes in equity accordingly remain at £37,507.

Auburn 1 Limited

Notes

forming part of the financial statements

1 Investments in subsidiaries

The company held investments in subsidiaries to the value of £37,506 (2010 £37,506) Details of the company's subsidiaries have been presented below

Subsidiary undertakings

Name and registered office	Country of incorporation	Details of investments	Proportion held	Principal activity
Auburn Options Limited c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	United Kingdom	£1	100%	Not yet commenced to trade
Auburn Securities 3 plc c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	United Kingdom	£12,502	100%	Investment in mortgage assets
Auburn Securities 4 plc c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	United Kingdom	£12,502	100%	Investment in mortgage assets
Auburn Securities 5 plc c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	United Kingdom	£12,502	100%	Investment in mortgage assets

Auburn 1 Limited

Notes (continued)

2 Prepayments and accrued income

	2011 £	2010 £
Other debtors	1	1

All amounts are due on demand

3 Called up share capital

	2011 £	2010 £
<i>Authorised</i> 15,000 ordinary shares of £1 each	15,000	15,000
<i>Allotted, called up and full paid:</i> 12,503 ordinary shares of £1 each	12,503	12,503

4 Employees

The directors received no remuneration from the company in the current and preceding financial years. The company has no employees and services required are contracted from third parties.

5 Income tax

No income tax is due or payable as the company has received no income in the year.

6 Ultimate parent undertaking

The company is directly owned by a charitable trust. It was established by a contract as part of an individual mortgage securitisation. This contract governs the relationship between Capital Home Loans Limited, the mortgage originator, Irish Life & Permanent Group Holdings plc ("ILPGH"), Capital Home Loans Limited's ultimate parent undertaking, and Auburn 1 Limited, all of whose activities are precisely defined in the relevant legal documents. Capital Home Loans Limited is the primary beneficiary of the operating policies of the company. Accordingly, this entity has been consolidated within the Capital Home Loans Limited consolidated financial statements, which are in turn, consolidated within the financial statements of ILPGH, a company incorporated in the Republic of Ireland. A copy of the consolidated group financial statements and annual report may be obtained from the following address: Irish Life Centre, Lower Abbey Street, Dublin 1, Republic of Ireland.

Auburn 1 Limited

Notes (continued)

7 Related party transactions

The group has a related party relationship with Capital Home Loans Limited and its parent undertaking, Irish Life & Permanent plc and its directors. The directors undertook no transactions directly with the company during the year.

The company had the following balances with Capital Home Loans Limited at 31 December 2011

	As at 31 December 2011	As at 31 December 2010
Amounts owed from Capital Home Loans Limited	1	1

8 Significant judgements/estimates made by management

Significant judgements and estimates made by the group which have a significant impact on the financial statements include

Significant estimate	Key details
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Valuation of investments	Impairment reviewed, taking into account the results of each subsidiary
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9 Approval of financial statements

The board of directors approved these financial statements on 4 April 2012