

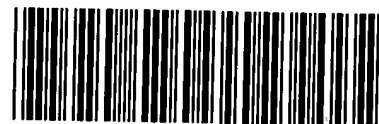
# Auburn 1 Limited

Directors' report and  
financial statements

**Year ended 31 December 2015**

*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

M. Clarke  
M. H. Filer  
Wilmington Trust SP Services (London) Limited

### Company Secretary and Registered Office

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

### Solicitors

Rosling King LLP  
10 Old Bailey  
London  
EC4M 7NG

### Auditor

KPMG LLP  
1 St Peters Square  
Manchester  
M2 3AE

# Auburn 1 Limited

## Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 December 2015.

### 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.

On the 3 February 2015 one of Auburn 1 Limited's subsidiary undertakings, Auburn Securities 3 plc ("AS3"), exercised its option, to redeem all of its loan notes at the principal amounts outstanding on the interest payment date falling on 2 February 2015. The transaction involved AS3 selling to Capital Home Loans Limited ("CHL") all of the mortgage loans in AS3 at a price equal to the aggregate balances of the mortgage loans on 2 February 2015 amounting to £55.4 million. AS3 then executed the sale of its mortgage loans to CHL and redeemed in full all of its outstanding loan notes. This transaction has an effect of terminating the securitisation transaction of AS3 and the entity is currently in the process of being liquidated.

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 2015 or 2014 financial years.

# Auburn 1 Limited

## Directors' report *(continued)*

The following directors are in office at the date of approval of the financial statements and have held office since 1 January 2015:

M. Clarke  
M. H. Filer  
Wilmington Trust SP Services (London) Limited

### **Political and charitable contributions**

The company made no political or charitable contributions during the year (2014: £nil).

### **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.

### **Subsequent events**

Following AS3 redemption of all of its loan notes and the subsequent sale of its mortgage loans to CHL, which had the effect of terminating the securitisation transaction, AS3 is currently in the process of being liquidated.

### **Auditor**

KPMG LLP has been appointed as auditor of the Company and will continue in office in accordance with the UK Companies Act 2006.

On behalf of the board



Andreas Demosthenous for and on behalf of Wilmington Trust SP Services (London) Limited  
Secretary  
5 September 2016

# Auburn 1 Limited

## Directors' responsibilities statement in respect of the strategic report, the directors' report and the financial statements

### **Directors' responsibilities statement 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMEBERS OF AUBURN 1 LIMITED

We have audited the financial statements of Auburn 1 Limited for the year ended 31 December 2015 set out on pages 7 to 14. 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 2, 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:


- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **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:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMEBERS OF AUBURN 1  
LIMITED (continued)**

- 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



**Alexander Simpson (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 St Peters Square  
Manchester  
M2 3AE  
5 September 2016



# Auburn 1 Limited

## Statement of accounting policies *for the year ended 31 December 2015*

### **Statement of compliance**

The statutory financial statements set out on pages 7 to 14 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU. The standards adopted by the company are those that are effective and adopted by the European Union 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 years 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 2015 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 11.

### **Cash flow statement**

On the basis that the company did not have any cash or cash equivalents in the current or prior year, a cash flow statement has not been presented.

### **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 financial statements are presented in Pounds Sterling, which is the company's functional 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 to pounds sterling at the exchange rates prevailing at the date of the statement of financial position. 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.

# Auburn 1 Limited

Registered number 3588419

## Statement of financial position at 31 December 2015

	Note	2015 £	2014 £
<b>Assets</b>			
Investments in subsidiaries	1	37,503	37,503
Prepayments and accrued income	2	1	1
<b>Total assets</b>		<b>37,504</b>	<b>37,504</b>
<b>Liabilities</b>			
Other creditors	3	25,003	25,003
Accruals and deferred income	4	13,345	11,870
<b>Total liabilities</b>		<b>38,348</b>	<b>36,873</b>
<b>Shareholders' equity</b>			
Issued share capital	5	12,501	12,501
Retained loss		(13,345)	(11,870)
<b>Total equity</b>		<b>(844)</b>	<b>631</b>
<b>Total liabilities and equity</b>		<b>37,504</b>	<b>37,504</b>

The financial statements on pages 7 to 14 were approved by the board of directors on 5 September 2016 and signed on its behalf by:



Andreas Demosthenous for and behalf of Wilmington Trust SP Services (London) Limited  
Director

# Auburn 1 Limited

## Statement of comprehensive income for year ended 31 December 2015

	Note	2015 £	2014 £
Interest payable	6	(1,475)	(1,418)
Loss before income tax – continuing operation	7	(1,475)	(1,418)
Income tax	8	-	-
Total comprehensive expense for the year		(1,475)	(1,418)
<b>Loss attributable to the owners of the company</b>		<b>(1,475)</b>	<b>(1,418)</b>

## Statement of changes in equity for year ended 31 December 2015

	Share capital £	Retained loss £	Total £
Balance at 1 January 2014	12,501	(10,452)	2,049
Loss for the financial year	-	(1,418)	(1,418)
Balance at 31 December 2014	12,501	(11,870)	631
Loss for the financial year	-	(1,475)	(1,475)
<b>Balance at 31 December 2015</b>	<b>12,501</b>	<b>(13,345)</b>	<b>(844)</b>

# Auburn 1 Limited

## Notes

*forming part of the financial statements*

### 1 Investments in subsidiaries

The company held investments in subsidiaries to the value of £37,503 (2014: £37,503). Details of the company's subsidiaries have been presented below.

#### *Subsidiary undertakings*

<b>Name and registered office</b>	<b>Country of incorporation</b>	<b>Details of investments</b>	<b>Proportion Held</b>	<b>Principal activity</b>
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	£12,501	99.998%	Ceased trading in 2015 and awaiting liquidation
Auburn Securities 4 plc c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	United Kingdom	£12,501	99.998%	Investment in mortgage assets

# Auburn 1 Limited

## Notes (continued)

### 1 Investments in subsidiaries (continued)

#### *Subsidiary undertakings*

Name and registered office	Country of incorporation	Details of investments	Proportion Held	Principal activity
Auburn Securities 5 plc c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF	United Kingdom	£12,501	99.998%	Investment in mortgage assets

### 2 Prepayments and accrued income

	2015 £	2014 £
Other debtors	1	1

All amounts are due on demand.

### 3 Other creditors

	2015 £	2014 £
Amount due to Wilmington Trust SP Services (London) Limited	25,003	25,003

The company entered into a agreement with Wilmington Trust SP Services (London) Limited on an interest bearing term of 4% per annum.

### 4 Accruals and deferred income

	2015 £	2014 £
Interest payable	13,345	11,870

# Auburn 1 Limited

## Notes (continued)

### 5 Called up share capital

	2015 £	2014 £
<i>Authorised</i>		
15,000 ordinary shares of £1 each	15,000	15,000
<i>Allotted, called up and full paid:</i>		
12,501 ordinary shares of £1 each	12,501	12,501

### 6 Interest expense

	2015 £	2014 £
Interest payable	1,475	1,418

### 7 Employees

The directors received no remuneration from the company in the current and preceding financial years. The company has no employees in the current and preceding financial years.

### 8 Taxation

No income tax is due or payable as the Company has received no income during the year or in 2014.

### 9 Ultimate controlling party

The company 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, Cerberus European Residential Holdings B.V., 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.

CHL's ultimate parent undertaking is Cerberus European Residential Holdings B.V. whose registered office is at Oude Utrechtseweg 32, 3743 KN Baarn, The Netherlands (incorporated under the laws of The Netherlands with registered number 62579533).

# Auburn 1 Limited

Notes *(continued)*

## 10 Related party transactions

The group has a related party relationship with Capital Home Loans Limited and its parent undertaking, Cerberus European Residential Holdings B.V. 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 2015:

	2015	2014
	£	£
Amounts owed from Capital Home Loans Limited	1	1

## 11 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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## 12 Approval of financial statements

The board of directors approved these financial statements on 5 September 2016