

# Auburn 1 Limited

Directors' report and financial statements

**Year ended 31 December 2016**

*Registered number: 3588419*

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# Auburn 1 Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2- 3
Directors' responsibilities statement in respect of the directors' report and the financial statements	4
Independent auditor's report	5- 6
Statement of accounting policies	7- 8
Statement of financial position	9
Statement of comprehensive income and statement of changes in equity	10
Notes forming part of the financial statements	11- 14

# Auburn 1 Limited

## Directors and other information

### **Directors**

M. Clarke-Whelan (née M. Clarke)  
D. J. Wynne  
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 2016.

### 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 Company had no employees during the year. 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.

#### *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

The Company recorded a loss after tax of £14,035 in 2016 (2015: £1,475 loss) owing to its investment write-off. No dividends have been paid or proposed for either of the 2016 or 2015 financial years.

### Directors and secretaries

The following directors and secretaries are in office at the date of approval of the financial statements and have held office since 1 January 2016, except as stated below:

M. Clarke-Whelan (née M. Clarke)	Director	
Wilmington Trust SP Services (London) Limited	Director	
M. H. Filer	Director	(resigned 7 April 2017)
D. J. Wynne	Director	(appointed 20 March 2017)
Wilmington Trust SP Services (London) Limited	Company Secretary	

# Auburn 1 Limited

## Directors' report *(continued)*

### **Political and charitable contributions**

The Company made no political or charitable contributions during the year (2015: £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.

### **Events occurring after balance sheet date**

There have not been any reportable subsequent events between the balance sheet date and the date of signing this report that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 December 2016 and for the period then ended.

On 23 June 2016, the UK voted to leave the EU, subsequently, the triggering of Article 50 took place on 29 March 2017. At the date of signing these accounts the Directors do not foresee any immediate risks crystallising, however, they acknowledge the uncertainty that continues to exist. The directors will continue to keep this under review.

### **Going concern**

The directors are satisfied that the Company will have access to sufficient resources to meet its obligations as they fall due for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### **Approval of financial statements**

The board of directors approved these financial statements on 30 June 2017.

On behalf of the board



Mignon Clarke-Whelan for and on behalf of Wilmington Trust SP Services (London) Limited  
Secretary  
30 June 2017

## Auburn 1 Limited

### 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 they have been prepared in accordance with IFRSs as adopted by the EU; 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.

# 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 2016 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 4, 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 2016 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 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 Directors' report:

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

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

### **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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Alexander Simpson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peters Square  
Manchester  
M2 3AE  
30 June 2017



# Auburn 1 Limited

## Statement of accounting policies *for the year ended 31 December 2016*

### **Statement of compliance**

The statutory financial statements set herein 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 2016 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.

### **Going concern**

In the Directors’ Report, the directors have set out the matters they had taken into consideration in determining that it is appropriate to prepare the financial statements on a going concern basis.

### **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)*

### **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.

### **Adoption of new and revised reporting standards**

The new standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not considered to have a material impact on the Company.

### **New reporting standards not yet adopted**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

# Auburn 1 Limited

Registered number 3588419

## Statement of financial position at 31 December 2016

	Note	2016 £	2015 £
<b>Assets</b>			
Investments in subsidiaries	1	25,002	37,503
Prepayments and accrued income	2	1	1
<b>Total assets</b>		<b>25,003</b>	<b>37,504</b>
<b>Liabilities</b>			
Other creditors	3	25,003	25,003
Accruals and deferred income	4	14,879	13,345
<b>Total liabilities</b>		<b>39,882</b>	<b>38,348</b>
<b>Shareholders' equity</b>			
Issued share capital	5	12,501	12,501
Retained loss		(27,380)	(13,345)
<b>Total equity</b>		<b>(14,879)</b>	<b>(844)</b>
<b>Total liabilities and equity</b>		<b>25,003</b>	<b>37,504</b>

The financial statements on pages 7 to 14 were approved by the board of directors on 30 June 2017 and signed on its behalf by:



Mignon Clarke-Whelan for and on behalf of Wilmington Trust SP Services (London) Limited  
Director

# Auburn 1 Limited

## Statement of comprehensive income for year ended 31 December 2016

	<i>Note</i>	2016 £	2015 £
Write-off of investment	1	(12,501)	-
Interest payable	6	(1,534)	(1,475)
		<hr/>	<hr/>
Loss before income tax – continuing operations	7	(14,035)	(1,475)
Income tax	8	-	-
		<hr/>	<hr/>
Total comprehensive income for the year		(14,035)	(1,475)
		<hr/>	<hr/>
<b>Loss attributable to the owners of the Company</b>		(14,035)	(1,475)
		<hr/>	<hr/>

## Statement of changes in equity for year ended 31 December 2016

	Share Capital £	Retained loss £	Total £
Balance at 1 January 2015	12,501	(11,870)	631
Total comprehensive income for the year	-	(1,475)	(1,475)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	12,501	(13,345)	(844)
Total comprehensive income for the year	-	(14,035)	(14,035)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>12,501</b>	<b>(27,380)</b>	<b>(14,879)</b>
	<hr/>	<hr/>	<hr/>

# Auburn 1 Limited

## Notes

*forming part of the financial statements*

### 1 Investments in subsidiaries

The Company held investments in subsidiaries to the value of £25,002 (2015: £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 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 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

Auburn Securities 3 plc ceased trading and has been liquidated; therefore the investment in this subsidiary has been impaired in the financial statements. The carrying value of the investment in this Company at the end of the year was £nil (2015: £12,501).

# Auburn 1 Limited

## Notes *(continued)*

### 2 Prepayments and accrued income

	2016 £	2015 £
Other debtors	1	1
	<u>1</u>	<u>1</u>

All amounts are due on demand.

### 3 Other creditors

	2016 £	2015 £
Amount due to Wilmington Trust SP Services (London) Limited	25,003	25,003
	<u>25,003</u>	<u>25,003</u>

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

### 4 Accruals and deferred income

	2016 £	2015 £
Interest payable	14,879	13,345
	<u>14,879</u>	<u>13,345</u>

# Auburn 1 Limited

## Notes (continued)

### 5 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid:</i>		
12,501 ordinary shares of £1 each	12,501	12,501

### 6 Interest expense

	2016 £	2015 £
Interest payable	1,534	1,475

### 7 Loss before income tax – continuing operations

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. The audit fee is charged to the subsidiary undertakings.

### 8 Taxation

No income tax is due or payable as the Company has received no income during the year or in 2015.

### 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 2016:

	2016	2015
	£	£
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

#### Valuation of investments

The directors of the Company have undertaken a review of the Company's investment in group undertakings as at 31 December 2016. A write-off was made on one of its investments during the year where evidence of impairment exists. There are no indications of impairment for the remaining investments and the carrying values of the investments are supported by the underlying net assets of the company or the future expected cash flows.