Chester Asset Receivables

Dealings 2002-A plc

Annual report for the period ended

15 November 2002

Registered no: 04358521

Chester Asset Receivables Dealings 2002-A plc

Annual report
for the period ended 15 November 2002

Directors, secretary and registered office

Directors

M Richards (appointed 23 January 2002, resigned 24 April 2002)
M Layton (appointed 23 January 2002, resigned 24 April 2002)
D Akin (appointed 24 April 2002)
SPV Management Limited (appointed 24 April 2002)
J Fairrie (appointed 24 April 2002)

Secretary and registered office

P McDonnell
78 Cannon Street
London
EC4P 5LN

Directors' report
for the period ended 15 November 2002

The directors present their report and financial statements for the period ended 15 November 2002.

Date of Incorporation

The company was incorporated as Jasminedrive plc on 23 January 2002, and passed a special resolution to change its name to Chester Asset Receivables Dealings 2002-A plc on 25 April 2002. The company commenced trade on 27 June 2002.

Results and dividends

The company made a profit for the period after taxation of £13,265. The directors do not recommend the payment of a dividend.

Principal activity and review of business

The company's principal activity is the provision of long term finance for a portfolio of credit card receivables originated by MBNA Europe Bank. The directors consider the state of affairs of the company and its future prospects to be satisfactory.

Directors and their interests

The directors are set out on page 1.

None of the directors had any beneficial interest in the shares of the company during the period.

By order of the board

Director
9th June, 2003

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the members of Chester Asset Receivables Dealings 2002-A plc

We have audited the company's financial statements for the period ended 15 November 2002 which comprise the Profit and Loss Account, Statement of total recognised gains and losses, Balance Sheet, Statement of cash flows and related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 15 November 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst + Young LLP

Ernst & Young LLP
Registered Auditor
Leeds

9 June, 2003.

Profit and loss account
for the period ended 15 November 2002

	Notes	2002 £
Interest receivable and similar income		7,005,151
Interest payable and similar charges	2	(6,972,880)
Net interest income		32,271
Operating expenses		(13,321)
Profit before taxation	3	18,950
Taxation	4	(5,685)
Profit for the period	12	13,265

The company has no other gains or losses and therefore no separate statement of total recognised gains and losses is presented.

Results relate to continuing operations.

Balance sheet
as at 15 November 2002

	Notes	2002 £
Investments	6	**491,440,802**
Current assets		
Debtors	7	**2,533**
Cash at bank		**33,803**
		36,336
Creditors: Amounts falling due within one year	8	**(10,569)**
Net current assets		**25,767**
Total assets less current liabilities		**491,466,569**
Creditors: Amounts falling due after more than one year	9	**(491,440,802)**
Net assets		**25,767**
Capital and reserves		
Called up share capital	10	**12,502**
Profit and loss account	12	**13,265**
Equity shareholder's funds	11	**25,767**

The financial statements on pages 6 to 14 were approved by the board of directors on 9th June, 2003 and were signed on its behalf by:

Director

Statement of cash flows for the period ended 15 November 2002

	Notes	2002 £
Net cash inflow from operating activities	14 (a)	**21,301**
Capital expenditure and financial investment		
- Investment in UK Receivables Trust II		**(500,597,102)**
Financing		
- Issue of ordinary share capital		**12,502**
- Issue of loan notes		**500,597,102**
Increase in cash		**33,803**

Reconciliation of net cash flow to movement in net debt

	Notes	2002 £
Increase in cash in the year		**33,803**
- Loan notes		**(500,597,102)**
Change in net debt resulting from cash flows	14 (b)	**(500,563,299)**
Exchange Differences	14 (b)	**7,887,830**
Amortisation	14 (b)	**(74,647)**
Movement in net debt		**(492,750,116)**
Net debt at 15 November 2002	14 (b)	**(492,750,116)**

Notes to the financial statements for the period ended 15 November 2002

1 Principal accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with all applicable UK accounting standards as defined by the Companies Act 1985 s256.

Turnover

Turnover and cost of sales, as prescribed by the Companies Act 1985, do not have meaningful equivalents for the business of the company and are not defined in these accounts.

Interest receivable and funding costs

Interest receivable and payable are accounted for on an accruals basis. Income receivable relates to the loan notes purchased from Deva One Limited.

Investments

Investments are stated at cost less any provision for permanent diminution in value.

Capital Instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contractual rate if the contract is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

No timing differences have arisen during the period, which eliminated the need of producing the reconciliation note to the standard rate of corporation tax of 30%.

Comparatives

No comparatives are presented, as these are the first accounts of the company.

2 Interest payable and similar charges

	2002 £
Loan notes	6,972,880
	6,972,880

3 Profit before taxation

Profit before taxation is stated after accruing a charge of £1,750 in respect of auditor's remuneration.

4 Taxation

	2002 £
UK corporation tax at 30% – Current year	5,685
	5,685

5 Employees

The average monthly number of people (including directors) employed by the company during the period was 2.

6 Investments

On 27 June 2002, the company purchased class A loan notes of € 682 million, class B loan notes of € 39 million and class C loan notes of € 54.5 million from Deva One Limited, a related party (see note 15).

Total issue costs of € 2,114,000 were incurred and are debited to the net investment over the life of the notes.

7 Debtors

	2002 £
Other debtors	2,533
	2,533

8 Creditors: amounts falling due within one year

	2002 £
Taxation	5,685
Other creditors	4,884
	10,569

9 Creditors: amounts falling due after more than one year

	2002 £
Loan notes due after more than five years	492,709,272
Unamortised issuance costs	(1,268,470)
	491,440,802

The floating notes 2009 were issued on 27 June 2002. The notes were all issued at 100% of their par value. Issue costs of €1,705,000 on the class A notes, €136,500 on the class B notes and €272,500 on class C notes were incurred and are credited to net proceeds over the life of the notes. Interest is payable at 0.18% above EURIBOR on the class A notes, at EURIBOR plus 0.55% on the class B notes and at EURIBOR plus 1.25% on the class C notes.

10 Share capital

	2002 £
Authorised	
50,000 ordinary shares of £1 each	**50,000**
Allotted, called up and fully paid	
2 ordinary shares of £1 each	**2**
Allotted, called up and quarter paid	
49,998 ordinary shares	**12,500**
	12,502

The company was incorporated with an authorised share capital of £50,000, comprising of 50,000 ordinary shares of £1 each. Two of which were issued and fully paid on 17 May 2002 and 49,998 of which are quarter paid up.

11 Reconciliation of movement in equity shareholder's funds

	2002 £
New share capital issued	**12,502**
Profit for the period	**13,265**
Equity shareholder's funds at 15 November 2002	**25,767**

12 Profit and loss account

	2002 £
Profit for the period	**13,265**
Profit and loss account at 15 November 2002	**13,265**

13 Financial instruments

In June 2002, the company issued loan notes as follows:

Financial Liabilities	**Currency**	**Interest rate**	**Amount**
Class A notes	**Euro**	**3 month EURIBOR + 0.18%**	**682,000,000**
Class B notes	**Euro**	**3 month EURIBOR + 0.55%**	**39,000,000**
Class C notes	**Euro**	**3 month EURIBOR + 1.25%**	**54,500,000**
			775,500,000
Financial Assets			**775,500,000**

The proceeds were used to purchase loan notes to the equivalent value issued by Deva One Limited. The interest rate on these notes is determined so as to provide the company with a 0.01% margin on the principal amount over the life of the notes. The weighted average interest rate of the floating rate liabilities is 3.598 % at the end of the period.

14 Notes to the statement of cash flows

(a) Reconciliation of profit before taxation to net cash inflow from operating activities

	2002 **£**
Profit before taxation	**18,950**
(Increase) in other debtors	**(2,533)**
Increase in other creditors	**4,884**
Net cash inflow from operating activities	**21,301**

(b) Analysis of changes in net debt

	At 15 November 2001 £	Cash flow £	Other non-cash Movements £	**At 15 November 2002 £**
Cash	-	33,803	-	**33,803**
Loan Notes	-	(500,597,102)	-	**(500,597,102)**
Exchange movements	-	-	7,887,830	**7,887,830**
Amortisation of Issuance Costs	-	-	(74,647)	**(74,647)**
	-	(500,563,299)	7,813,183	**(492,750,116)**

15 Related party transactions

On 27 June 2002 the company invested €775.5 million in loan notes issued by Deva One Limited. Both the company and Deva One Limited are deemed to be quasi subsidiaries of MBNA Europe Bank Limited (EBL) under the principle of Financial Reporting Standard No.5.

Interest receivable and similar income includes £7,005,151 receivable from Deva One Limited. This amount was received in full at the year end.

The directors regard MBNA Corporation, a company incorporated in the United States of America, as the ultimate controlling party of EBL. The company has been consolidated in the accounts of EBL. Copies of EBL's consolidated accounts are available from MBNA Europe Bank, Stansfield House, Chester Business Park, Chester.

The immediate parent company of Chester Asset Receivables Dealings 2002-A plc is Chester Asset Securitisation Holdings Ltd (CASH), a private limited liability company incorporated in England on 12 July, 2001. CASH was established for the purpose of holding the shares of the Issuer. The results of the company are incorporated into the group accounts of CASH and are available from MBNA Europe Bank, Stansfield House, Chester Business Park, Chester CH4 9QQ.