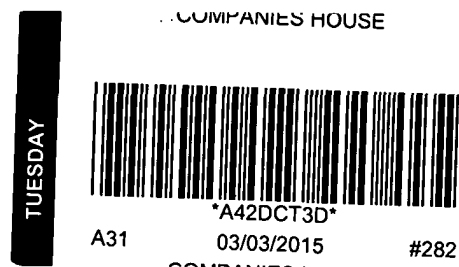


Colchester Funding Limited

Annual Report and Financial Statements

Registered Number 4473317

Year Ended 30 November 2014



Contents

	Page No
Company Information	1
Strategic Report	2
Report of the Directors	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report to the Members of Colchester Funding Limited	5
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9

Company Information

Directors

J Barbour
T Theobald

Company Secretary

Neptune Secretaries Limited
T Theobald

Registered Office

Jessop House, Jessop Avenue
Cheltenham
Gloucestershire
GL50 3WG

Trading Address

The Vineries
Broughton Hall Business Park
Skipton
North Yorkshire
BD23 3AE

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Wiggin LLP
Jessop House, Jessop Avenue
Cheltenham
Gloucestershire
GL50 3WG

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Banker

Barclays Bank Plc
One Churchill Place
London
E14 5HP

Strategic Report

Principal activities, Business Review and Future Developments

In the annual report for the year ended 30 November 2013 the transaction with CarVal Investors was reported. The transaction completed in November 2013 and saw the group sell all assets associated with its legacy mortgage lending business together with residual investments in the BMF securitisations.

As reported last year, as part of the 2013 transaction, the company was required to participate in the investment vehicle that had acquired its assets, the cost of which was funded by way of a loan from a funder routed through the parent company and passed down together with all associated terms and conditions to its subsidiaries, including the company. In 2014 the company was required by the funder to perfect security over its investment in the investment vehicle as security for that loan. In order for the funder to perfect the intended security package the underlying loan had to be restructured so that the lender had a direct relationship with the companies holding the investment; therefore the loan was realigned to be a direct loan from the funder to the company. All other terms and conditions associated with the loan (to which the company was already committed) remained the same. The loan matured in November 2014 (although an intention to renew in 2014 had been secured) and, bore interest at a LIBOR plus a mezzanine rate. Repayments (other than at maturity) were to be made in distributions from the underlying investment.

In November 2014, following changes in the funding of the investment vehicle the requirement for the company to participate in the vehicle was no longer required. The directors received and considered an offer for the investments which was at the full amount of the outstanding loan balance plus accrued interest. Prior to accepting the offer they considered the current interest rate of the facility, the uncertainty around future extensions to the term and the uncertainty around the quantum of future payments. In considering these factors they decided that it was in the best interest of the company to accept the offer.

Subsequent to selling this investment the company became dormant.

By order of the board



T Theobald

Director

Date: 23 February 2015

Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 30 November 2014.

Results and dividends

The loss for the financial year amounted to £1,000 (2013: £4,122,000 loss). The directors do not recommend payment of a dividend. (2013: Nil).

Directors

The directors who held office during the period and to date were as follows:

Name	Date of Appointment	Date of Resignation
J Barbour		
A Nehra		30 June 2014
T Theobald		

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 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

A resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the board



T Theobald
Director
Date: 23 February 2015

Statement of Directors' Responsibilities in respect of the Strategic Report and the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report and 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.

Independent auditor's report to the members of Colchester Funding Limited

We have audited the financial statements of Colchester Funding Limited for the year ended 30 November 2014 set out on pages 7 to 14. 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 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.

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 30 November 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom 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

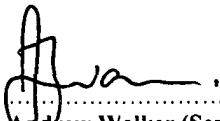
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Colchester Funding 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 in not preparing a strategic report



.....
Andrew Walker (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Date: 23 February 2015

Profit and Loss Account
for the year to 30 November 2014

	<i>Note</i>	2014 £000	2014 £000	2013 £000	2013 £000
Interest receivable and similar income	2		40		638
Interest payable and similar charges	3		(40)		(542)
Net interest income			-		96
Other operating income		-		28	
Fees and commissions payable		-		(44)	
Total operating cost			-		(16)
Operating expenses		(1)		(416)	
Provisions for bad and doubtful debts	5	-		235	
			(1)		(181)
Loss on disposal of assets			-		(4,021)
Operating loss on ordinary activities before taxation	4		(1)		(4,122)
Tax credit on loss on ordinary activities	6		-		-
Loss for the financial year			(1)		(4,122)

The results in the above profit and loss account relate entirely to discontinued operations.

There are no recognised gains and losses other than the loss for the year shown above; accordingly no statement of recognised gains or losses is required.


The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet
At 30 November 2014

	<i>Note</i>	2014 £000	2014 £000	2013 £000	2013 £000
Investments	7		-		393
Current assets					
Debtors	8		84		75
Total assets			<u>84</u>		<u>468</u>
Capital and reserves					
Called up share capital	9	2,000		2,000	
Share premium account	10	5,104		5,104	
Profit and loss account	10	(7,030)		(7,029)	
Shareholders' funds			<u>74</u>		<u>75</u>
Creditors:					
Amounts falling due within one year	11		10		393
Total equity and liabilities			<u>84</u>		<u>468</u>

The notes on pages 9 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 23 February 2015 and were signed on its behalf by:



T Theobald
Director

Company Number: 4473317

Notes to the Financial Statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise. Deferred tax assets are recognised to the extent they are considered recoverable.

Transactions with Related Parties

The company, as a wholly owned subsidiary undertaking of Commercial First Group Limited has taken advantage of an exemption contained in FRS 8 (Related Party Disclosures), in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other wholly owned group companies or investors of the group qualifying as related parties, as the consolidated financial statements of the Commercial First Group Limited in which the company is included are available by application, to the trading address, as disclosed in Note 14

Transactions with other group companies that are not wholly owned in the group are disclosed in accordance with FRS8.

Fixed asset investments

The company holds investments at the lower of cost less provision for any permanent diminution in value.

Notes to the Financial Statements *(continued)*

2 Interest receivable and similar income

	2014 £000	2013 £000
On mortgage loans	-	620
Bank interest and investment income	40	18
	<u>40</u>	<u>638</u>
	<u><u>40</u></u>	<u><u>638</u></u>

3 Interest payable and similar charges

	2014 £000	2013 £000
Loan interest	40	-
Securitised funding interest	-	542
	<u>40</u>	<u>542</u>
	<u><u>40</u></u>	<u><u>542</u></u>

Notes to the Financial Statements *(continued)*

4 Operating loss on ordinary activities before taxation

	2014 £000	2013 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Management recharge	-	323
	<u> </u>	<u> </u>

The company has no employees of its own.

Prior to 2014 company administration services were provided to the company by a fellow subsidiary, Commercial First Mortgages Limited which levied a recharge of costs that relate to the company's operations, following the change in the company's activities at the end of 2013, no charge was applied in 2014.

None of the directors received emoluments in their capacity as directors of the company.

5 Provisions for bad and doubtful debts

	2014 £000	2013 £000
Credit for the year	-	235
	<u> </u>	<u> </u>

Notes to the Financial Statements *(continued)*

6 Taxation

Analysis of (credit)/charge in year

	2014 £000	2013 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
<i>Deferred Tax</i>		
Current year movement	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax charge on loss on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting taxation for the current year

The current tax credit for the year is lower than the standard rate of corporation tax in the UK (21.67%) (2013: 23.33%). The differences are explained below.

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1)	(4,122)
	<hr/>	<hr/>
Current tax at 21.67% (Prior year: 23.33%)	-	(962)
	<hr/>	<hr/>
<i>Effects of:</i>		
Group relief	-	957
Short term timing differences	-	5
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Notes to the Financial Statements *(continued)*

7 Investments

	2014 £000	2013 £000
Investments	-	393

As noted in the strategic report the company sold its non equity investment in the Britannica II Sarl securitisation vehicle at book value.

8 Debtors

	2014 £000	2013 £000
Amount due from group company	75	75
Other debtors	9	-
	<u>84</u>	<u>75</u>

9 Called up share capital

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
2,000,001 Ordinary shares of £ 1.00 each	2,000	2,000

10 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 December 2013	2,000	5,104	(7,029)	75
Retained loss for the year	-	-	(1)	(1)
At 30 November 2014	<u>2,000</u>	<u>5,104</u>	<u>(7,030)</u>	<u>74</u>

11 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertaking	10	393

Notes to the Financial Statements *(continued)*

12 Contingent liabilities

The company has no contingent liabilities as at 30 November 2014 (2013: nil).

13 Deferred Taxation

There are no amounts of provided deferred taxation at 30 November 2014 or November 2013.

The amounts of unprovided deferred taxation were:

	2014 £000	2013 £000
At 1 December 2013	780	903
Effect of rate change on opening balance	-	(118)
Current year short term timing differences		(5)
Tax losses eliminated	(780)	-
	<hr/>	<hr/>
At 30 November 2014	-	780
	<hr/>	<hr/>

14 Ultimate parent company

The results of the company are consolidated within the financial statements of Commercial First Group Limited, a company incorporated in England. This company is both the immediate and ultimate parent undertaking. The consolidated financial statements of this company are available by application, from the Company Secretary, The Vineries, Broughton Hall Business Park, Skipton, North Yorkshire, BD23 3AE.

15 Related Party Note

Commercial First Mortgages Ltd, a fellow subsidiary company, not wholly owned by the group, paid the company's audit fees for the year which amount to £1,500 (2013: £3,500).

At the financial year end a balance of £74,559 (2013: £74,559) was due to the company from Commercial First Mortgages Ltd.