

# **NEWBURY FUNDING LIMITED**

**Report and Financial Statements**  
**31 March 2010**

TUESDAY



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## NEWBURY FUNDING LIMITED

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Company Registration No 5073109

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**OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

A Patel  
N Ralph  
A Salter  
D Lloyd

**Secretary**

Dominic Murray  
2 Gresham Street  
London  
EC2V 7QP

**Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**Bankers**

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

**Solicitors**

Linklaters LLP  
1 Silk Street  
London  
EC2Y 8HQ

**Registered office**

2 Gresham Street  
the  
EC2V 7QP

## **DIRECTORS' REPORT**

The Directors present their report and financial statements for the year ended 31 March 2010

### **Business review and principal activity**

Newbury Funding Limited (the "Company") is a wholly owned subsidiary of Kensington Group Plc ("Kensington"). The Company operates as part of the group companies owned by Kensington ("Group"), which is a wholly owned subsidiary of Investec Plc (the "ultimate parent company"). The Company's principal activity is the provision of funding for mortgage loans secured by first or second charges over residential properties in the United Kingdom and their subsequent securitisation or sale. The mortgage loans are made by its agent Kensington Mortgage Company Limited, which is also a wholly owned subsidiary of Kensington. The mortgage loans are periodically sold into securitisation transactions or whole loan sales arranged by Kensington.

The results for the year are shown in the Profit and Loss account on page 8. The Directors do not recommend payment of a dividend (2009 £nil).

The Company has now ceased originating new mortgages and is currently not engaged in its principal activity.

Kensington manages its operations on a group-wide basis and therefore the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the group's mortgage lending activities, which included the company, is discussed in the Investec plc annual report which does not form part of this report.

### **Principal risks and uncertainties**

Competitive pressure in the UK non-conforming mortgage market, within which the Group operates, is a continuing risk for the Group's business as a whole. The current UK mortgage market is challenging primarily due to the ongoing shortfall in available funding.

Group wide risks are discussed in the Investec plc annual report, which does not form part of this report.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its payment obligations when they fall due under normal circumstances. Kensington's management constantly monitor and manage the Company's ongoing cash flow requirements.

### **Credit risk**

Credit risk is the risk that the Company's customers or counterparties fail to discharge contractual obligations and the Company incurs a loss after realising any collateral. Credit risk predominantly arises when the Company deposits cash or enters into a derivative contract.

### **Going concern**

The Company is in a net liability position and consequently a letter of support has been obtained from the Company's parent, Kensington Group Plc. Having obtained this assurance the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

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

The Directors confirm that there are no significant events occurring after the balance sheet date, up to the date of this report, that would meet the criteria to be disclosed or adjusted in the financial statements for year ended 31 March 2010.

## **DIRECTORS' REPORT (CONTINUED)**

### **Corporate social responsibility**

The Company operates in accordance with the Group policies described in the Investec Plc annual report, which does not form part of this report

### **Employees**

The Company does not have any employees (2009 nil) All the operations associated with the Company's activities are carried out by the employees of affiliated companies, Kensington Mortgages Limited and Investec Bank plc

### **Directors**

The Directors who served throughout the year are as follows

D Lloyd

A Patel

N Ralph

A Salter

None of the above mentioned Directors are directors of the ultimate parent company

### **Company secretary**

Kensington Secretaries Limited resigned as Company Secretary on 17 April 2009 Dominic Murray was appointed as Company Secretary on 17 April 2009

### **Creditor payment policy**

The Company agrees terms and conditions with its suppliers on behalf of other Group companies in connection with its activities as their agent Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier The trade creditor days figure has not been stated as the measure is not considered appropriate to the business

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

**DIRECTORS' REPORT (CONTINUED)**

**Appointment of auditors**

The Company has elected not to make annual appointments of auditors. Accordingly Ernst & Young LLP are deemed to be reappointed in accordance with section 487 of the Companies Act 2006

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'D Murray', with a long horizontal stroke extending to the right and a small loop at the end.

D Murray

Company Secretary

Date 24/04/2010

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 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 NEWBURY FUNDING LIMITED**

We have audited the financial statements of Newbury Funding Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

### **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 March 2010 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

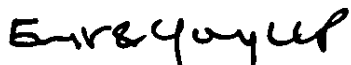


**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF NEWBURY FUNDING LIMITED**

**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



Angus Grant (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date 24 SEP 2010

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2010**

Company Registration No 5073109

	Notes	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Operating expenses		<u>(40)</u>	<u>(7)</u>
<b>Loss on ordinary activities before taxation</b>	2	(40)	(7)
Taxation credit	4	14	2
<b>Loss on ordinary activities after taxation</b>	7	<u><u>(26)</u></u>	<u><u>(5)</u></u>

The loss for the current year and in the prior year were was derived from continuing operations

There were no recognised gains or losses other than the loss for the current year and in the prior year  
Accordingly, no statement of recognised gains and losses is given

The notes on pages 10 to 12 form an integral part of these financial statements

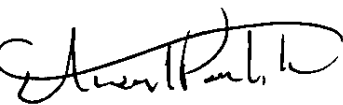
**BALANCE SHEET**  
**at 31 March 2010**

Company Registration No 5073109

		31 March 2010 £'000	31 March 2009 £'000
	Notes		
Creditors			
Amounts falling due within one year	5	<u>(1,286)</u>	<u>(1,260)</u>
<b>Net liabilities</b>		<u><u>(1,286)</u></u>	<u><u>(1,260)</u></u>
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Profit and loss account	7	<u>(1,286)</u>	<u>(1,260)</u>
<b>Shareholders' deficit</b>	7	<u><u>(1,286)</u></u>	<u><u>(1,260)</u></u>

The notes on pages 10 to 12 form an integral part of these financial statements

These financial statements were approved by the Board of Directors and were signed on its behalf by

A Patel  
DirectorDate 24<sup>th</sup> September 2010

## **NOTES TO THE FINANCIAL STATEMENTS**

at 31 March 2010

### **1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice. The accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared on a going concern basis under the historical cost convention. The company is in a net liability position and a letter of support has been obtained from the Company's parent company.

#### **Related party transactions**

The Company has taken advantage of the exemption conferred by paragraph 3 (c) of Financial Reporting Standard (FRS) 8, not to disclose transactions with other wholly owned group companies.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

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 at a future date. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Cash flow statement**

Under FRS 1 (Revised), the Company is exempt from the requirement to prepare cash flow statements on the grounds that a parent undertaking includes the Company in its own consolidated financial statements.

### **2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Auditors' remuneration of £36,000 (2009: £6,000) was borne by Kensington Mortgages Limited in the current year and prior year. Statutory information on remuneration for other services provided by the Company's auditors to the Investec group is given on a consolidated basis in the consolidated financial statements of its ultimate parent company Investec Plc. There are no non-audit services provided to the Company during the year and in the prior year.

### **3 INFORMATION REGARDING EMPLOYEES AND DIRECTORS**

The Company has no employees (2009: none). The Directors received no remuneration from the Company in the current year or prior year.

**NOTES TO THE FINANCIAL STATEMENTS**

at 31 March 2010

**4. TAXATION****(a) Analysis of the tax credit for the year**

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
<b>Current tax</b>		
Corporation tax credit at 28% based on the taxable loss for the year	(14)	(2)
	<u>(14)</u>	<u>(2)</u>

**(b) Factors affecting the tax credit for the year**

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Loss on ordinary activities before tax	<u>(40)</u>	<u>(7)</u>
Tax credit on ordinary activities at standard UK corporation tax rate of 28%	(11)	(2)
Effects of UK-UK transfer pricing adjustment	(3)	-
Current tax credit for the year	<u>(14)</u>	<u>(2)</u>

Group relief receivable of £14,000 (2009 £2,000) has been recognised since management expects that there will be sufficient taxable profits within the group to absorb the tax losses of the Company

UK-UK transfer pricing adjustments were also made in the 2009 tax computations, but the effect of these was eliminated by means of group relief for no charge

**5 CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 March 2010 £'000	31 March 2009 £'000
Accruals and deferred income	15	6
Amounts due to group companies	1,271	1,254
	<u>1,286</u>	<u>1,260</u>

Included in Amounts due to other group companies - net is group relief receivable of £14,000 (2009 £2,000)  
Refer to Note 4

Intercompany debtors and creditors have been presented on a net basis in the financial statements as there exists a legal right of offset and it is management's intention that the gross balances owed by group companies and owed to group companies will be settled on a net basis through the main operating companies Kensington Group Plc and Kensington Mortgages Limited

**NOTES TO THE FINANCIAL STATEMENTS**

at 31 March 2010

**6 CALLED UP SHARE CAPITAL**

	31 March 2010	31 March 2009
	£	£
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<b>Called up, allotted and fully paid</b>		
1 Ordinary share of £1	1	1
	<u>          </u>	<u>          </u>

**7 RECONCILIATION OF MOVEMENTS IN PROFIT AND LOSS ACCOUNT AND SHAREHOLDERS' DEFICIT**

	31 March 2010	31 March 2009
	£'000	£'000
Opening profit and loss account	(1,260)	(1,255)
Loss for the financial year	(26)	(5)
Closing profit and loss account	<u>(1,286)</u>	<u>(1,260)</u>
Called up share capital	-	-
Closing shareholders' deficit	<u>(1,286)</u>	<u>(1,260)</u>

**8 ULTIMATE PARENT COMPANY**

The Company's immediate parent is Kensington Group Plc and the ultimate parent company and controlling party is Investec plc, a company incorporated in the UK and registered in England and Wales, which is the smallest and largest company into which the Company is consolidated. Copies of Investec plc's consolidated financial statements are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2V 7QP.