

**Company Registration Number: 5087749**

**SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

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# **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

## **REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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# **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors**

Mr D. R. Fisher  
Mr. M. McDermott  
Miss M. Clarke  
Wilmington Trust SP Services (London) Limited

### **Company secretary**

Wilmington Trust SP Services (London) Limited

### **Registered office**

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

### **Auditors**

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

# **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their strategic report of Sherwood Castle Funding Series 2004-2 Plc, ("the company"), for the year ended 31 December 2013.

#### **GENERAL**

The principal activity was that of a special purpose vehicle, which raises or borrows money and grants security over its assets for such purposes, to lend money, to invest in and acquire limited recourse loan notes issued by Tenby Castle Funding Group Limited, a fellow group company.

On 3 June 2004 the company issued floating rate notes, which are listed on the London Stock Exchange, in order to purchase limited recourse loan notes issued by Tenby Castle Funding Group Limited, the Receivables Trustee, at a par value of £250 million. The floating rate notes are due to mature in June 2014 and consequently, these financial statements have been prepared on a break up basis, however this has had no financial impact.

The key performance indicator of the business is considered to be the net interest income margin. During the year, the Company achieved a net interest income margin (net interest income divided by interest income) of 1.27% (2012: 0.84%). At the year end, the Company had net assets of £189,121 (2012: £169,228).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board reviews and agrees policies for managing the main risks facing the Company and they are summarised below.

The directors acknowledge that the global macro-economic indicators and general business environment may pose significant challenges to retail borrowers with whom the Company has exposure through its investments in limited recourse loan notes.

##### **Credit risk**

The Company has issued floating rate loan notes to external note holders which bear interest at varied percentages over LIBOR. Amounts due to the external note holders are only payable to the extent that the Company receives sufficient monies on limited recourse loan notes issued by Tenby Castle Funding Group Limited to which the Company has subscribed. The credit quality of the limited recourse notes is ultimately related to personal credit card debt assigned by Capital One Europe plc to a Receivables Trust. The amount of personal credit card debt assigned to the Receivables Trust exceeds the amount of the floating rate loan notes issued by the Company. Furthermore the personal credit card debt bears interest at a higher rate than the floating rate loan notes issued to the external loan note holders. In the directors' opinion therefore, the level of personal credit card debt assigned to the Receivables Trustee is sufficient both in terms of quality and amount to meet the interest obligations of and to settle the floating rate loan notes when they fall due for repayment.

The Company has provided security for the benefit of its creditors pursuant to the terms of a security trust deed to which The Bank of New York acts as security trustee for the Company's secured creditors. Security has been granted by the Company over substantially all of its assets, including its Investor Interests in the Receivables Trust and its bank accounts, in favour of its creditors including the holders of the Loan Notes.

##### **Liquidity risk**

The Company's policy is to maintain a strong liquidity position and to manage the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

The Company has matched the value of the notes issued with the loan notes invested in. At the year end the entire portfolio of loan notes issued was covered by assets whose maturity date did not exceed that of the notes issued. Liquidity risk is, therefore, effectively managed through these items.

##### **Interest rate risk**

The Company is exposed to interest rate risk on its limited recourse loan notes and floating rate notes respectively. The interest rate risk is effectively managed by arrangements with Tenby Castle Funding Group Limited, where the terms of the Group's limited recourse loan notes held as assets are matched by currency, term and interest rate with the floating rate notes it has issued and holds as liabilities.

# **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

## **STRATEGIC REPORT (continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **FUTURE DEVELOPMENTS**

The directors have no plans to expand the existing operations of the Company and expect to put the Company into voluntary liquidation during the year after the loan notes have matured.

#### **RESULTS**

The results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The profit on ordinary activities after taxation for the year was £19,893 (2012: £19,819).

By Order of the Board



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

Date: 19 June 2014

# **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

**REGISTERED NO. 5087749**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the financial statements of Sherwood Castle Funding Series 2004-2 Plc, ("the company"), for the year ended 31 December 2013.

#### **GOING CONCERN**

The loan notes issued by the Company are non-recourse and their terms are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The loan notes held and issued are due to mature on 16 June 2014. Thereafter, it is the Directors' intention to recommend that the company be liquidated as soon as it is practicable following this date. Hence, these financial statements have been prepared on a break-up basis.

#### **DIRECTORS**

The directors who served the company during the year and up to the date of this report were as follows:

Mr M McDermott

Mr S Masson – resigned on 7 January 2013

Wilmington Trust SP Services (London) Limited

Mr D R Fisher

Miss M Clarke – appointed on 7 January 2013

Mr S Masson was an alternate director to Mr M McDermott.

#### **CREDITOR PAYMENT POLICY**

The company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations.

Due to the nature of the business, the main creditors are the noteholders. Principal and interest is repaid quarterly in accordance with the agreements in place.

#### **DIRECTORS' LIABILITIES**

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

#### **DIVIDENDS**

The directors have not recommended a dividend (2012: £nil).

# **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

## **THE DIRECTORS' REPORT (continued)**

### **YEAR ENDED 31 DECEMBER 2013**

#### **CHARITABLE AND POLITICAL CONTRIBUTIONS**

During the year the company made no charitable or political contributions (2012:£nil).

#### **AUDITORS**

A resolution to re-appoint Ernst & Young LLP as auditors for the ensuing year will be proposed at the annual general meeting.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

The directors confirm that:

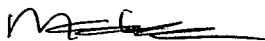
- so far as the directors, at the date of approving this report, are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditors are unaware; and
- having made enquiries of fellow directors, and the company's auditor, each of the directors have taken all steps that they ought to have as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES**

The directors confirm that, to the best of each person's knowledge:

- they are responsible for internal control in the Company and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the Company to comply with its regulatory obligations. For further details, refer to notes to the financial statements of the company's parent undertaking, Sherwood Castle Holdings Limited;
- the financial statements in this report, which have been prepared in accordance with UK GAAP and the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that they face. For further details, refer to note 9 to the financial statements.

By order of the Board



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

Date: 19 June 2014

## **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 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 and loss of the company for that period. In preparing those 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 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 proper 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 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 SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

We have audited the financial statements of Sherwood Castle Funding Series 2004-2 Plc for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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). The financial statements have been prepared on a break-up basis as disclosed in note 1.

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 as set out on page 6, 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**

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. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **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 2013 and of the company's profit 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.

## **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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

*Ernst & Young LLP*

Kenneth Eglinton (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
20 June 2014

# SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC

## PROFIT AND LOSS ACCOUNT

### YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Interest receivable	3	1,972,203	2,948,453
Interest payable	4	<u>(1,947,210)</u>	<u>(2,923,567)</u>
<b>Net interest income</b>		<b>24,993</b>	<b>24,886</b>
Other operating income		56,850	51,980
Administrative expenses		<u>(56,977)</u>	<u>(52,092)</u>
<b>Profit on ordinary activities before taxation</b>	2	<b>24,866</b>	<b>24,774</b>
Tax charge on profit on ordinary activities	5	<u>(4,973)</u>	<u>(4,955)</u>
<b>Retained profit for the financial year</b>	11	<b><u>19,893</u></b>	<b><u>19,819</u></b>

The company has no recognised gains or losses other than the results for the current and prior year as set out above.

The notes on pages 10 to 15 form part of these financial statements.

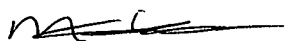
# SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC

## BALANCE SHEET

AS AT 31 DECEMBER 2013

	Note	2013 £	2012 £
<b>Current assets</b>			
Debtors falling due within one year	6	250,108,871	142,016
Debtors falling due after more than one year	6	-	249,874,750
Cash at bank		<u>180,150</u>	<u>160,313</u>
		250,289,021	250,177,079
 Creditors: amounts falling due within one year	7	<u>(250,099,900)</u>	<u>(133,101)</u>
<b>Net current assets</b>		189,121	250,043,978
 Creditors: amounts falling due after more than one year	8	<u>-</u>	<u>(249,874,750)</u>
<b>Net assets</b>		<u>189,121</u>	<u>169,228</u>
 <b>Capital and reserves</b>			
Called up share capital	10	12,502	12,502
Profit and loss account	11	<u>176,619</u>	<u>156,726</u>
<b>Shareholders' funds</b>	12	<u>189,121</u>	<u>169,228</u>

The financial statements on pages 8 to 15 were approved by the directors on 19 June 2014 and are signed on their behalf by:



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

The notes on pages 10 to 15 form part of these financial statements.

# SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2013

#### 1. ACCOUNTING POLICIES

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The loan notes held and issued are due to mature on 16 June 2014. Thereafter, it is the Directors' intention to recommend that the company be liquidated as soon as it is practicable following this date. The financial statements are thus prepared on a break up basis and in accordance with applicable accounting standards and the Companies Act 2006, this requires assets and liabilities to be shown as current and held at their recoverable amounts. Preparation on a break up basis has had no financial impact on these financial statements.

##### **Limited recourse loan notes**

The limited recourse loan notes are classified as receivables and are initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method.

Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### **Loan notes**

Loan notes are recognised initially at fair value plus attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between amortised cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis. The loan notes issued by the Company are non-recourse and their terms are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's Receivables Trustee.

##### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

##### **Interest receivable and interest payable**

Interest receivable represents interest received on the limited recourse loan notes and is derived from the company's principal activity which is carried out in the United Kingdom. Interest payable represents interest payable on the loan notes issued by the company. Interest receivable and interest payable are calculated using the effective interest rate method.

##### **Taxation**

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by 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 and events have occurred arising at that date that will result in an obligation to pay more or right to pay less tax. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits against which to recognise these assets. 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.

# SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2013

#### 1. ACCOUNTING POLICIES (continued)

##### Other operating income

Other operating income relates to the reimbursement of accountancy, administration, audit and tax fees included within administrative expenses, which are reimbursed by the Investor Beneficiary, Capital One (Europe) Plc, as defined by the original transaction documentation.

##### Administrative expenses

Administrative expenses include accountancy, administration, audit and tax fees plus sundry expenses incurred in the day to day running of the company.

#### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2013	2012
	£	£
Auditors' remuneration - audit services	10,200	9,724
Auditors' remuneration - tax compliance services	4,955	4,500
Auditors' remuneration - other compliance services	<u>2,100</u>	<u>2,088</u>

The company has no employees (2012: nil).

Wilmington Trust SP (London) Limited received fees from the Company of £22,053 (2012: £25,283). These fees are in respect of accountancy £9,403 (2012: £12,683) and Directors' services £12,650 (2012: £12,600).

None of the other Directors received any emoluments directly from the Company in 2013 (2012: nil), although as noted above, Wilmington Trust SP Services (London) Limited received monies on their behalf in respect of directors' services.

#### 3. INTEREST RECEIVABLE

	2013	2012
	£	£
Income from loan notes	1,947,196	2,923,567
Issuer profits receivable	25,000	24,869
Bank interest receivable	7	7
Other interest receivable	-	10
	<u>1,972,203</u>	<u>2,948,453</u>

Issuer profits, represents income received by the Company over the course of the securitisation deal based on 0.01% of the Loan Note balance less any fees deducted by Tenby Castle Funding Limited.

#### 4. INTEREST PAYABLE

	2013	2012
	£	£
Interest on floating rate notes	1,947,196	2,923,567
Interest on overdue taxation	14	-
	<u>1,947,210</u>	<u>2,923,567</u>

# SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2013

#### 5. TAXATION

##### (a) Analysis of charge in the period

	2013 £	2012 £
Current tax:		
UK Corporation tax	<u>4,973</u>	<u>4,955</u>

##### (b) Factors affecting current tax charge

Tax at standard rate on profits:

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>24,866</u>	<u>24,774</u>
Profit on ordinary activities at standard rate of corporation tax of 20% (2012: 20%)	<u>4,973</u>	<u>4,955</u>
Total current tax (note 5(a))	<u>4,973</u>	<u>4,955</u>

There is no provided or un-provided deferred tax as at 31 December 2013 or 31 December 2012.

#### 6. DEBTORS

	2013 £	2012 £
<b>Amounts falling due within one year</b>		
Limited recourse loan notes	249,958,250	-
Prepayments and accrued income	136,632	128,034
Other debtors	<u>13,989</u>	<u>13,982</u>
	<u>250,108,871</u>	<u>142,016</u>
<b>Amounts falling due after more than one year</b>		
Limited recourse loan notes	-	249,874,750
Total	<u>250,108,871</u>	<u>250,016,766</u>

Limited recourse loan notes consist of notes issued by Tenby Castle Funding Group to the company in order to purchase beneficial interests in the receivables trust, Castle Receivables Trust Limited.

The limited recourse loan notes carry interest rates based on three-month LIBOR rate plus margin, in the range of 0.18% to 0.90% per annum and they mature in June 2014.

#### 7. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Floating rate notes issued, net of discount	249,958,250	-
Corporation tax	4,973	4,955
Accrued interest payable	86,684	80,604
Amounts owed to group undertakings	23,442	16,434
Accruals	<u>26,551</u>	<u>31,108</u>
	<u>250,099,900</u>	<u>133,101</u>

# SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2013

#### 7. CREDITORS: Amounts falling due within one year (continued)

In June 2004, the Company issued floating rate notes that are due to mature in June 2014 and are secured by means of a fixed and floating charge over the company's assets.

Interest on the floating rate notes is payable quarterly, based on three month LIBOR plus the following margins: 0.18% per annum for the Class A notes; 0.48% per annum for the Class B notes; 0.90% per annum for the Class C notes.

The repayment of the notes is dependent on the receipt in full of the payments from the securities purchased.

#### 8. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Floating rate notes issued, net of discount (see note 7)	<u>-</u>	<u>249,874,750</u>

#### 9. PRINCIPAL RISK AND UNCERTAINTIES

##### Credit risk

The Company has issued floating rate loan notes to external note holders which bear interest at varied percentages over LIBOR. Amounts due to the external note holders are only payable to the extent that the Company receives sufficient monies on limited recourse loan notes issued by Tenby Castle Funding Group Limited to which the Company has subscribed. The credit quality of the limited recourse notes is ultimately related to personal credit card debt assigned by Capital One Europe plc to a Receivables Trust. The amount of personal credit card debt assigned to the Receivables Trust exceeds the amount of the floating rate loan notes issued by the Company. Furthermore the personal credit card debt bears interest at a higher rate than the floating rate loan notes issued to the external loan note holders. In the directors' opinion therefore, the level of personal credit card debt assigned to the Receivables Trust is sufficient both in terms of quality and amount to meet the interest obligations of and to settle the floating rate loan notes when they fall due for repayment.

The Company has provided security for the benefit of its creditors pursuant to the terms of a security trust deed to which The Bank of New York acts as security trustee for the Company's secured creditors. Security has been granted by the Company over substantially all of its assets, including its Investor Interests in the Receivables Trust and its bank accounts, in favour of its creditors including the holders of the Loan Notes.

##### Liquidity risk

The Company's policy is to maintain a strong liquidity position and to manage the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

The Company has matched the value of the notes issued with the loan notes invested in. At the year end the entire portfolio of loan notes issued was covered by assets whose maturity date did not exceed that of the notes issued. Liquidity risk is, therefore, effectively managed through these items.

##### Interest rate risk

The Company is exposed to interest rate risk on its limited recourse loan notes and loan notes respectively. The interest rate risk is effectively managed by arrangements with Tenby Castle Funding Group Limited, where the terms of the Group's limited recourse loan notes held as assets are matched by currency, term and interest rate with the notes it has issued and holds as liabilities.

# SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2013

#### 9. PRINCIPAL RISK AND UNCERTAINTIES (continued)

The disclosures relating to FRS 29, Financial Instruments: Disclosures, have been included within the financial statements of the company's immediate parent company, Sherwood Castle Holdings Limited.

#### 10. SHARE CAPITAL

	2013 £	2012 £
<b>Authorised share capital</b>		
50,000 ordinary shares - £1 each	<u>50,000</u>	<u>50,000</u>
<b>Issued, allotted, called up and fully paid:</b>		
2 ordinary shares - £1 each	<u>2</u>	<u>2</u>
<b>Issued, allocated and partially paid up:</b>		
49,998 ordinary shares - £1 each	<u>12,500</u>	<u>12,500</u>
	<u>12,502</u>	<u>12,502</u>

There are 50,000 authorised ordinary shares of £1 each. The issued share capital comprises two fully paid £1 shares and 49,998 ordinary shares with nominal value of £1 each quarter paid.

#### 11. PROFIT AND LOSS ACCOUNT

	2013 £	2012 £
At the start of the year	156,726	136,907
Retained profit for the financial year	<u>19,893</u>	<u>19,819</u>
At the end of the year	<u>176,619</u>	<u>156,726</u>

#### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Retained profit for the financial year	19,893	19,819
Opening shareholders' funds	<u>169,228</u>	<u>149,409</u>
Closing shareholders' funds	<u>189,121</u>	<u>169,228</u>

Prior to the liquidation of the Company, distributable reserves will be utilised, by way of a dividend, to Sherwood Castle Holdings Limited. Sherwood Castle Holdings Limited is required to transfer these monies to the Sherwood Castle Charitable Trust.

#### 13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided within the Financial Reporting Standard No.8, "Related Party Transactions" from disclosing group related party transactions as the consolidated financial statements of the parent company, Sherwood Castle Holdings Limited, in which these results are included, are publicly available. The Directors are employed by Wilmington Trust SP Services (London) Limited to whom the Company makes payment for accounting and Directors services. Details are given in Note 2.



# **SHERWOOD CASTLE FUNDING SERIES 2004-2 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 DECEMBER 2013**

#### **14. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Sherwood Castle Holdings Limited. The smallest group into which the company is consolidated is that of Sherwood Castle Holdings Limited.

The shares in Sherwood Castle Holdings Limited are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for the Sherwood Castle Charitable Trust for charitable purposes.

The directors regard Capital One Financial Corporation, a company registered in the United States of America, as the ultimate parent undertaking and the largest group into which the company is consolidated. Copies of the consolidated financial statements of Capital One Financial Corporation can be obtained by writing to the Capital One Financial Corporation, 1680 Capital One Drive, McLean, Virginia 22102-3407, United States of America.