

Oakwood Homeloans Limited

Directors' report and financial statements

Registered number 5092310

31 December 2010

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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of Oakwood Homeloans Limited (the "Company") is to advise and arrange regulated mortgage contracts, to provide administration of regulated mortgage contracts and facilitate the financing and realisation of mortgage assets along with related services which are incidental to activities of a mortgage lender, mortgage broker or administrator. The Company is authorised and regulated by the Financial Services Authority ("FSA")

Review of business

The profit and loss account for the year is set out on page 6. Trading conditions continue to be challenging within the mortgage sector. The resulting loss for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

The Company's loss for the year is £855,901 (2009: £53,513). The directors do not recommend the payment of a final dividend (2009: £nil).

Future developments

Notwithstanding any changes to the present economic environment and challenging conditions being experienced in the mortgage sector, the directors continue to monitor the performance of the Company carefully and continue to deliver appropriate services to its customers.

Directors and their interests

The directors at the date of approval of this report are listed below:

Changes to the directorate since 1 January 2010 and up to the date of this report are as follows:

Jason Miller (resigned on 30 April 2010)

James White

Bruce Kaiserman

Peter Stevens

Leonora Daniel (appointed on 15 April 2011)

Audit information

The directors who held office at the date of approval of this directors' report confirm that, so far as they each are 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.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. In forming their view, the directors have considered a period of more than twelve months from the date of approving the financial statements.

Directors' report *(continued)*

Supplier payment policy

There is not a defined policy in place with respect to payment of third party invoices. It is usual that the Company pays invoices in accordance with contractual and payments terms.

Trade creditor days of the Company at 31 December 2010 were 1 day. This represents the ratio, expressed in days, between the amounts invoiced to the Company in the year by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

Share capital

The Company raised an additional £2,000,000 share capital during the year (2009: £nil).

Political and charitable donations

No donations were made during the year (2009: £nil).

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



Peter Stevens

26 April 2011

Statement of Directors' responsibilities 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 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 OAKWOOD HOMELOANS LIMITED

We have audited the financial statements of Oakwood Homeloans Limited for the year ended 31 December 2010 set out on pages 6 to 13. 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 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

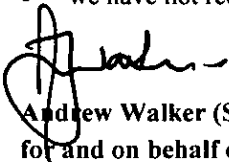
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Andrew Walker (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

1 The Embankment, Neville Street,
Leeds,

LS1 4DW

26 April 2011

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	2	920,424	2,479,899
Administration expenses		(1,777,892)	(2,558,176)
Operating loss		(857,468)	(78,277)
Other interest receivable and similar income	5	1,570	3,329
Loss on ordinary activities before taxation	6	(855,898)	(74,948)
Taxation on loss on ordinary activities	7	(3)	21,435
Loss on ordinary activities after taxation		(855,901)	(53,513)

The notes on pages 8 to 13 form an integral part of these financial statements

The losses for 2010 and 2009 are derived from continuing operations


There are no recognised gains and losses other than those recognised in the profit and loss account

Balance Sheet as at 31 December 2010

	Note	2010 £	2009 £
Current assets			
Debtors amounts falling due within one year	8	122,739	284,129
Cash at bank		2,341,018	1,148,976
		2,463,757	1,433,105
Creditors amounts falling due within one year	9	(307,228)	(420,675)
Total assets less current liabilities		2,156,529	1,012,430
Capital and reserves			
Called up share capital	10	540,000	140,000
Share premium	11	1,600,000	-
Profit and loss account	11	16,529	872,430
Shareholders' funds	12	2,156,529	1,012,430

The notes on pages 8 to 13 form an integral part of these financial statements

The financial statements were approved by the board of directors on 26 April 2011 and were signed on its behalf by



Peter Stevens
 Director

Company registered number 5092310

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

Basis of preparation

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

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

Cash flow exemption

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Turnover

Turnover represents amounts receivable for administration services provided in the normal course of business, insurance commission and transaction fees relating to the purchase and sale of mortgage loans. Revenue is recognised in line with accruals accounting based on fees received for services provided during the financial year

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Turnover

The total turnover of the Company for the year was derived from its principal activity wholly undertaken in the United Kingdom. During the year the Company sold mortgage loan portfolios amounting to £325.3m (2009 £136.6m)

The Company earns fees and commission income from retained mortgage books on an ongoing basis

Notes to the financial statements for the year ended 31 December 2010 (continued)

3 Directors' emoluments

None of the directors directly receive any emoluments from the Company. Messrs Bruce Kaiserman and Peter Stevens, and Miss Leonora Daniel are employed and remunerated by Credit Suisse, and they are appointed to the board as non-executive directors of the Company by that entity. Mr Jason Miller, until his resignation from the company on 30 April 2010, was a partner in Oakwood Global Finance LLP and was appointed to the board as a non-executive director of the Company by that entity. Mr James White is an employee of Oakwood Global Finance LLP and is appointed to the board as a non-executive director of the Company by that entity.

4 Employee information

The Company had no employees during the year (2009 nil)

5 Interest

	2010	2009
	£	£
Other interest receivable and similar income		
Bank or other interest receivable	1,570	3,329

6 Loss on ordinary activities before taxation

	2010	2009
	£	£
Loss on ordinary activities before taxation is stated after charging		
Auditor remuneration for		
Audit of these financial statements	13,000	13,000

The above audit fee relates to the Group audit of Oakwood Homeloans Holdings Limited and its subsidiary company Oakwood Homeloans Limited and is paid in full by the Company.

Notes to the financial statements for the year ended 31 December 2010 (continued)

7 Taxation

(a) Analysis of charge in the year

	2010	2009
	£	£
Tax credit based on the loss for the year at a rate of 28% (2009 28%) is		
UK corporation tax		
Current year	-	(20,985)
Adjustments in respect of prior periods	3	(75)
Impact from change in tax rates	-	(375)
Total tax credit	3	(21,435)

(b) Factors affecting tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010	2009
	£	£
Loss on ordinary activities before taxation	(855,898)	(74,948)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(239,651)	(20,985)
Effects of		
Adjustment in respect of prior year	3	(75)
Group relief surrendered for nil consideration	239,651	-
Impact from change in tax rates	-	(375)
Current tax credit for the year (note 7a)	3	(21,435)

(c) Factors that may affect future tax charges

The UK corporate tax rate was reduced from 28% to 26% from 1 April 2011

Notes to the financial statements for the year ended 31 December 2010 (continued)

8 Debtors

	2010	2009
	£	£
Amounts falling due within one year:		
Trade debtors	68,997	4,236
Amounts owed by Group undertakings	-	620
Other debtors	19,855	4,992
Prepayments and accrued income	33,887	274,281
	122,739	284,129

9 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	1,449	57,500
Accruals and deferred income	305,779	363,175
	307,228	420,675

During the year the Company has undertaken a review of its arrears fees and charges, and subsequently it issued an amended Tariff in December 2010. Oakwood Homeloans Limited is committed to ensuring that it treats its customers fairly in all aspects of arrears management and has decided that the Company will review customer accounts and, where applicable, will offer redress to those customers whose account are affected. The Company has discussed its plans with the FSA.

10 Called up share capital

	2010	2009
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called-up and fully paid		
540,000 ordinary shares of £1 each	540,000	140,000

During the year the company issued 400,000 Ordinary shares of £1 each, at a premium of £4 each per share for a total cash consideration of £2,000,000 (2009 nil)

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Share premium and reserves

	Share premium account	Profit and loss account
	£	£
On 1 January 2010	-	872,430
Loss for the year	-	(855,901)
Premium on shares issued during the year	1,600,000	-
31 December 2010	1,600,000	16,529

12 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Loss for the year	(855,901)	1,065,943
Proceeds from the issue of shares	2,000,000	-
Net addition to shareholders' funds	1,144,099	1,065,943
Opening shareholders' funds	1,012,430	(53,513)
Closing shareholders' funds	2,156,529	1,012,430

13 Related party transactions

During the year the Company received administration and operational support from Oakwood Global Finance LLP ('LLP') which until 31 March 2010, held a participating interest in the Group. The Company was charged by the LLP a total of £235,000 (2009 £1,730,254) for services rendered and at the balance sheet date the Company owed the LLP £58,750 (2009 £57,500).

During the year the Company received administration and operational support from Engage Credit Limited ('Engage') which is an associated company of the LLP. During the year the Company was charged a total of £1,385,001 (2009 £772,748) for services rendered and at the balance sheet date the Company owed Engage £95,755 (2009 £322,125). Also during the year, the Company sold the economic and beneficial interest in a mortgage loan portfolio (the "Portfolio") to a third party investor (the "Investor") in a transaction in which, the Investor paid the entire purchase price for the Portfolio to the Company and Engage, as part of a separate mortgage administration services agreement with that Investor, agreed to hold legal title to the Portfolio on bare trust for the Investor.

Jason Miller, who until his resignation as a director of the Company on 30 April 2010 was a partner of the LLP and has a beneficial interest in the LLP. James White, a director of the Company, is an employee of the LLP and is remunerated by that entity.

Notes to the financial statements for the year ended 31 December 2010 (continued)

13 Related party transactions (continued)

In addition to the above, the Company earns income from the ultimate funding entities which own the beneficial and economic interest in the mortgage portfolios that the Company has sourced. Goods and/or services supplied during the year and balances remaining at the year end from these companies are as follows

- Goods or services amounting to £33,054 (2009 £58,309) were supplied and charged to Alba 2005 – 1 PLC
- Goods or services amounting to £61,540 (2009 £120,071) were supplied and charged to Alba 2006 – 1 PLC
- Goods or services amounting to £72,308 (2009 £153,279) were supplied and charged to Alba 2006 – 2 PLC
- Goods or services amounting to £195,017 (2009 £354,478) were supplied and charged to Alba 2007 – 1 PLC
- Goods or services amounting to £558,505 (2009 £1,821,076) were supplied and charged to Credit Suisse AG, London Branch
- Balances of £6,128 (2009 £4,236) remained outstanding from Alba 2005 – 1 PLC
- Balances of £5,573 (2009 £nil) remained outstanding from Alba 2006 – 1 PLC
- Balances of £5,064 (2009 £nil) remained outstanding from Alba 2006 – 2 PLC
- Balances of £18,451 (2009 £nil) remained outstanding from Alba 2007 – 1 PLC
- Balances of £33,782 (2009 £nil) remained outstanding from Credit Suisse AG, London Branch

A balance of £2,185,000 cash (2009 £965,000) was deposited at the year end with Credit Suisse AG, London Branch, and this is able to be called at one days notice. During the year, the Company earned interest on this deposit of £987 (2009 £3,055)

14 Post balance sheet event

There are no post balance sheet events to be reported

15 Parent undertaking

The Company's immediate parent undertaking is Oakwood Homeloans Holdings Limited, a company incorporated in the United Kingdom. Copies of the financial statements of the immediate parent company can be obtained from Oakwood Homeloans Holdings Limited, The Old Sawmill, Broughton Hall Business Park, Broughton, Skipton, North Yorkshire, BD23 3AE, United Kingdom

The Company's ultimate parent company which consolidates the results of the Company is Credit Suisse Group AG. Copies of the financial statements of the ultimate parent company can be obtained from Credit Suisse Group AG, Paradeplatz, PO Box 1, 8070 Zurich, Switzerland