

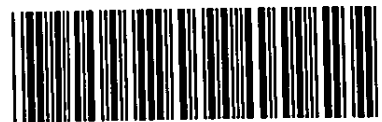
OAKWOOD HOMELOANS LIMITED

Directors' Report and Financial Statements

For the year ended 31 December 2012

Registered number 5092310

THURSDAY



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02/05/2013  
COMPANIES HOUSE

## Report and Financial Statements

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## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report and the audited financial statements for the year ended 31 December 2012

### **Principal activity**

The principal activity of Oakwood Homeloans Limited (the "Company") is making arrangements and entering into 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 Conduct Authority ("FCA")

### **Review of business**

The statement of comprehensive income for the year is set out on page 7. 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 £1,556,845 (2011: £1,420,265). The directors do not recommend the payment of a final dividend (2011: £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**

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

The directors holding office since 1 January 2012 and up to the date of the approval of this report are as follows:

Leonora Daniel

Eugene Gorelik (resigned on 22 April 2013)

Bruce Kaiserman (resigned on 27 March 2013)

Peter Stevens

### **Directors' third party indemnity provisions**

None of the directors who held office at the end of the financial year was beneficially interested, at any time during the year, in the shares of the Company. Directors of the Company benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### **Risk Management**

The Company's financial risk management objectives and policies are outlined in note 16 in the financial statements. The Company is exposed to the following risks:

- Liquidity risk
- Credit risk
- Market risk
- Interest rate risk

### **Disclosure of information to Auditors**

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.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

**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.

**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 2012 were 13 days. 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 issued £0.4 million additional share capital during the year (2011: £nil) at a premium of £1.4m.

**Political and charitable donations**

No donations were made during the year (2011: £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  
Director

The Old Sawmill  
Broughton Hall Business Park  
Broughton  
Skipton  
North Yorkshire  
BD23 3AE  
United Kingdom

24 April 2013

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") 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 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 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 2012 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 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, 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](http://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 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

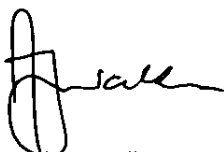
### **Opinion on other matter prescribed by the Companies Act 2006**

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  
24 April 2013

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
Revenue	4	3,282,953	3,371,767
Cost of sales	5	(4,439,436)	(4,511,182)
Gross loss		(1,156,483)	(1,139,415)
Administrative expenses	6	(405,882)	(284,894)
Operating loss		(1,562,365)	(1,424,309)
Interest income	7	5,520	4,044
Loss before tax	8	(1,556,845)	(1,420,265)
Taxation	11	-	-
<b>Loss for the year</b>		<b>(1,556,845)</b>	<b>(1,420,265)</b>

There were no items of other comprehensive income during the period

Losses for both 2012 and 2011 are derived from continuing operations

The notes on pages 11 to 24 form an integral part of the Financial Statements

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

	Notes	2012 £	2011 £	1 January 2011 £
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	12	1,370,791	998,193	2,341,018
Trade and other receivables		76,191	90,094	88,852
Prepayments and accrued income		30,911	35,451	33,887
Total current assets		1,477,893	1,123,738	2,463,757
<b>TOTAL ASSETS</b>		<b>1,477,893</b>	<b>1,123,738</b>	<b>2,463,757</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		178,283	83,636	1,449
Accruals and deferred income		274,836	224,553	279,779
Provisions	13	45,355	79,285	26,000
Total current liabilities		498,474	387,474	307,228
<b>TOTAL LIABILITIES</b>		<b>498,474</b>	<b>387,474</b>	<b>307,228</b>
<b>SHAREHOLDERS' EQUITY</b>				
Called up share capital	15	900,000	540,000	540,000
Share premium		3,040,000	1,600,000	1,600,000
Retained earnings		(2,960,581)	(1,403,736)	16,529
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>979,419</b>	<b>736,264</b>	<b>2,156,529</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,477,893</b>	<b>1,123,738</b>	<b>2,156,529</b>

The notes on pages 11 to 24 form part of the Financial Statements

These financial statements were approved by the Board of Directors on 24 April 2013 and were signed on its behalf by



Peter Stevens

Director

Company Registered Number 5092310



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012**

	Share Capital	Share Premium	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 January 2012	540,000	1,600,000	(1,403,736)	736,264
Net loss for the year	-	-	(1,556,845)	(1,556,845)
Total comprehensive loss for the year	-	-	(1,556,845)	(1,556,845)
Issue of share capital	360,000	1,440,000	-	1,800,000
<b>Balance at 31 December 2012</b>	<b>900,000</b>	<b>3,040,000</b>	<b>(2,960,581)</b>	<b>979,419</b>

	Share Capital	Share Premium	Retained earnings	Total Equity
	£	£	£	£
Balance at 1 January 2011	540,000	1,600,000	16,529	2,156,529
Net loss for the year	-	-	(1,420,265)	(1,420,265)
Total comprehensive loss for the year	-	-	(1,420,265)	(1,420,265)
<b>Balance at 31 December 2011</b>	<b>540,000</b>	<b>1,600,000</b>	<b>(1,403,736)</b>	<b>736,264</b>

**IFRS transition adjustments at 1 January 2011**

	Share Capital	Share Premium	Retained earnings	Total Equity
	£	£	£	£
Balance at 1 January 2011 previous GAAP	540,000	1,600,000	16,529	2,156,529
Transition to IFRS	-	-	-	-
<b>Balance at 1 January 2011 restated</b>	<b>540,000</b>	<b>1,600,000</b>	<b>16,529</b>	<b>2,156,529</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
<b>Cash flows from operating activities</b>		
Loss before tax for the period	(1,556,845)	(1,420,265)
Decrease/(increase) in trade and other receivables	13,903	(1,242)
Decrease/(increase) in prepayments and accrued income	4,540	(1,564)
Increase in trade and other payables	94,647	82,187
Increase/(decrease) in accruals and deferred income	50,283	(55,226)
(Decrease)/increase in provisions	(33,930)	53,285
<b>Net cash used in operating activities</b>	<b>(1,427,402)</b>	<b>(1,342,825)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	1,800,000	-
<b>Net cash from financing activities</b>	<b>1,800,000</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>372,598</b>	<b>(1,342,825)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>998,193</b>	<b>2,341,018</b>
<b>Cash and cash equivalents at 31 December</b>	<b>1,370,791</b>	<b>998,193</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 1. REPORTING ENTITY

The financial statements are prepared for Oakwood Homeloans Limited. The principal activity of the Company is making arrangements and entering into 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. As at 31 December 2012 the Company is a wholly owned subsidiary of Oakwood Homeloans Holdings Limited and its ultimate parent company is Credit Suisse Group AG. Credit Suisse Group AG prepares consolidated financial statements in accordance with US Generally Accepted Accounting Principles.

Oakwood Homeloans Limited is a limited company incorporated and domiciled in the United Kingdom. The Company's registered office is

The Old Sawmill  
Broughton Hall Business Park  
Broughton  
Skipton  
North Yorkshire  
BD23 3AE  
United Kingdom

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The financial statements have been prepared, for the first time, in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. IFRS 1 requires the retrospective application of IFRSs when an entity is first adopting IFRSs. An explanation on how the transition to IFRSs from UK Generally Accepted Accounting Practice (UK GAAP) has affected the reported financial position and financial performance of the Company is provided in note 19.

#### BASIS OF PREPARATION

The Financial Statements are presented in pounds sterling ('GBP'). They are prepared on the historical cost basis.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 3. Critical accounting estimates and judgements in applying accounting policies.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

After making enquiries of Credit Suisse AG, the Directors of the Company have received confirmation that Credit Suisse AG will ensure that the Company maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. Accordingly the Directors have prepared these accounts on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**STANDARDS AND INTERPRETATIONS**

**Standards and Interpretations endorsed by the EU and not yet effective**

The Company is not required to adopt the following standards and interpretations which are issued by the IASB but not yet effective

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income** In June 2011, the IASB issued "Presentation of Items of Other Comprehensive Income" (Amendments to IAS 1) The amendments require entities to group together items within Other Comprehensive Income that will and will not subsequently be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in Other Comprehensive Income and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for annual periods beginning on or after 1 July 2012. As the amendments impact presentation only, they will not have a material impact on the Company's financial position, results of operations or cash flows.
- **IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities** In December 2011, the IASB issued amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" (IFRS 7) The amendments require disclosures about the effect or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013. As the amendment requires disclosures only it will not have a material impact on the Company's financial position, results of operations or cash flows.
- **IAS 32 Offsetting Financial Assets and Financial Liabilities** In December 2011, the IASB issued amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32) The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments – Presentation'. The amendments are effective for annual periods beginning on or after 1 January 2014. The Company is currently evaluating the impact of adopting the IAS 32 amendments.
- **IFRS 13 Fair Value Measurement** In May 2011, the IASB issued IFRS 13 "Fair Value Measurement" (IFRS 13). IFRS 13 defines fair value, sets out a framework for measuring fair value and requires disclosure requirements about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances. IFRS 13 is effective for annual periods beginning on or after 1 January 2013.

**Standards and Interpretations not endorsed by the EU and not yet effective**

The Company is not required to adopt the following standards and interpretations which are issued by the IASB but not yet effective and have not yet been endorsed by the EU

- **IFRS 9 Financial Instruments** In November 2009 the IASB issued IFRS 9 "Financial Instruments" (IFRS 9) covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities. The effective date of IFRS 9 was revised in December 2011, making it applicable for annual periods beginning 1 January 2015. The Company is currently evaluating the impact of adopting IFRS 9.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**STANDARDS AND INTERPRETATIONS** *(continued)*

**Standards and Interpretations not endorsed by the EU and not yet effective** *(continued)*

- **Improvements to IFRS 2012** In May 2012, the IFRS issued "Annual Improvements to IFRSs 2009-2011 Cycle", (Improvements to IFRS), which contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. The Improvements to IFRS comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual standards. The Improvements to IFRS are required to be applied retrospectively for annual periods beginning on or after 1 January 2013. The Company is currently evaluating the impact of the amendments.
- **Transition guidance for IFRS 12** In June 2012, the IASB issued 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance' (Amendments to IFRS 12). The amendments are intended to provide additional transition relief in IFRS 12 Disclosure of Interests in Other Entities, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period". Also, amendments were made to IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The Amendments to IFRS 12 are effective for annual periods beginning on or after 1 January 2013. The Company will adopt the requirements of this amendment when the provisions of IFRS 12 are adopted. The Company is currently evaluating the impact of adopting the Amendments to IFRS 12.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the components of cash and amounts due from banks that are short term, highly liquid instruments with original maturities of three months or less which are subject to an insignificant risk of changes in their fair value and that are held or utilised for the purpose of cash management. This includes cash placed in interest bearing deposits with other Credit Suisse group entities for the purpose of liquidity management.

**DETERMINING FAIR VALUE**

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible.

**TRADE AND OTHER RECEIVABLES**

Trade and other receivables are initially recorded at fair value and subsequently recorded at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The majority of the receivables are intercompany and are settled within 3 months.

**FINANCIAL LIABILITIES**

Financial liabilities are initially recognised at fair value including direct and incremental transaction costs. They are subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished.

**INTEREST INCOME**

Interest income includes interest income on the Company's short-term and long-term cash deposits. Interest income is accrued.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**TAXATION**

Income tax on the profit or loss for the year comprises current and deferred tax

Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Statement of Comprehensive Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantially enacted at the reporting date.

For UK corporation tax purposes the Company may surrender or claim losses from another UK group company. Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities in the Statement of Financial Position, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised on taxable temporary differences arising on depreciation of property, plant and equipment and other short term temporary differences except to the extent that it is probable that such temporary differences will not reverse in the foreseeable future.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in note 11.

**PROVISIONS**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event which can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The expense recognised when provisions are established, is recorded in 'Administrative expenses' in the Statement of Comprehensive Income. Movement in provisions are set out in note 13.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

**CONTINGENT LIABILITIES**

Contingent liabilities are either possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or are present obligations where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised as a liability but is disclosed, unless the possibility is remote, except for those acquired under business combinations, which are recognised at fair value.

Management make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Charges, other than those taken periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated. The Company had no contingent liabilities to disclose.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES.**

In order to prepare the financial statements in accordance with IFRS, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgement and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent, reasonable and consistently applied.

Management believes that the critical accounting estimates discussed below involve the most complex judgements and assessments. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences, may be material to the financial statements.

**TAXES**

**Deferred tax valuation**

Deferred tax assets (DTA) and liabilities are recognised for the estimated future tax effects of operating loss carry-forwards and temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases at the statement of financial position date. The realisation of DTA on temporary differences is dependent upon the generation of taxable income in future accounting periods after those temporary differences become deductible. The realisation of DTA on net operating losses is dependent upon

the generation of future taxable income. Management regularly evaluates whether deferred tax assets can be realised. Only if management considers it probable that a deferred tax asset will be realised is a corresponding DTA established without impairment.

In evaluating whether DTA can be realised, management considers both positive and negative evidence, including projected future taxable income, the scheduled reversal of deferred tax liabilities and tax planning strategies. This evaluation requires significant management judgement, primarily with respect to projected taxable income. The future taxable income can never be predicted with certainty, but management also evaluated the factors contributing to losses and considered whether or not they are temporary or indicate an expected permanent decline in earnings. The evaluation is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management's control, such as the fiscal and regulatory environment and external economic growth conditions. Substantial variance of actual results from estimated future taxable profits, or changes in our estimate of future taxable profits and potential restructurings, could lead to changes in the amount of DTA that are realisable, or considered realisable, and would require a corresponding adjustment to the level of recognised DTA.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**4. REVENUE**

The total revenue of the Company for the year was derived from its principal activity wholly undertaken in the United Kingdom. The Company earns servicing and sundry fees and commission income arising from retained mortgage books on an on-going basis.

**5. COST OF SALES**

The Company pays servicing and sundry fees and commission expenditure in respect to its retained mortgage books on an on-going basis.

**6. ADMINISTRATIVE EXPENSES**

	2012	2011
	£	£
Other corporate expenses	405,882	284,894
<b>Total</b>	<b>405,882</b>	<b>284,894</b>

**7. INTEREST INCOME**

	2012	2011
	£	£
Bank or other interest receivable	5,520	4,044
<b>Total</b>	<b>5,520</b>	<b>4,004</b>

**8. LOSS BEFORE TAXATION**

	2012	2011
	£	£
Loss before taxation is stated after charging		
Auditor's remuneration for		
Audit of these financial statements	12,675	12,675

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

**9. RELATED PARTY TRANSACTIONS**

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.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**9. RELATED PARTY TRANSACTIONS (continued)**

**a) Related party assets and liabilities**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both

The definition of related parties includes parent company, ultimate parent company, subsidiary, associate, as well as the Company's key management, who are also directors of the Company

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. In addition, a short term deposit was also placed with a group company

The Company enters into these transactions in the ordinary course of business and at arm's length

<b>Assets</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Parent</b>		
Trade and other trade receivables	<b>60,251</b>	90,094
<b>Fellow Credit Suisse group companies</b>		
Interest bearing deposit	<b>1,100,000</b>	835,000
Trade and other trade receivables	<b>3,468</b>	90,094
<b>Other</b>		
Trade and other trade receivables	<b>2,472</b>	90,094
<b>Total assets</b>	<b>1,166,191</b>	<b>925,094</b>
<b>Related party income statement</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Fellow Credit Suisse group companies</b>		
Trading income	<b>123,447</b>	134,329
Interest income	<b>5,520</b>	4,044
<b>Other</b>		
Trading income	<b>2,876,343</b>	3,024,407

**b) Remuneration of Directors and key management personnel**

The directors and key management personnel did not receive any remuneration in respect of their services as directors of the Company (2011: £ Nil). The directors and key management personnel are employees of its related companies and the Company does not reimburse its related companies for the services rendered by these directors and key management personnel

**c) Liabilities due to pension funds**

The Company has no employees and therefore does not have any liabilities with regard to pension funds

**10. EMPLOYEE INFORMATION**

The Company had no employees during the year (2011: nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11 TAXATION

a) Analysis of charge in the year

	2012 £	2011 £
Tax charge based on the loss for the year at a rate of 24.5% (2011 26.5%) is		
<b>UK corporation tax</b>		
Current year	-	-
<b>Total</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 24.5% (2011 26.5%). The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(1,556,845)	(1,420,265)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(381,427)	(376,370)
Effects of		
Group relief surrendered for nil consideration	381,427	376,370
<b>Current tax charge for the year (Note 11a)</b>	-	-

c) Factors that may affect future tax charges

The UK corporation tax rate reduced from 24% to 23% effective from 1 April 2013. Further reductions in UK corporation tax rates are scheduled to take effect from 1 April 2014 (to 21%) and 1 April 2015 (to 20%).

12 CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Cash at bank	270,791	163,193
Cash deposits with other group entities	1,100,000	835,000
<b>Total cash and cash equivalents</b>	<b>1,370,791</b>	<b>998,193</b>

Cash at bank relate to accounts held with Barclays Bank Plc. Cash deposits relate to cash placed with other Credit Suisse group entities for the purpose of liquidity management. The fair value of cash and cash equivalents approximates the book value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13 PROVISIONS

	Insurance commission £	Total £
Balance at 1 January 2012	79,285	79,285
Provisions used during the year	(24,929)	(24,929)
Provisions reversed during the year	(9,001)	(9,001)
Balance at 31 December 2012	45,355	45,355

The Company arranges Lender Insurance Only (LIO) insurance on behalf of a mortgage customer to protect the Company from uninsured secured property loss risks. If a mortgage customer subsequently provides proof of existing buildings insurance cover, the premiums and commissions previously charged for the LIO insurance may be refunded. The Company maintains a provision for future refunds. This provision is based on historical experience with most refunds occurring within a short period of time from a property being placed onto the insurance program however there are uncertainties relating to both timing and amount of refund activity.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the fair value of financial instruments for which it is practical to estimate that value. All non-financial instruments such as property, plant and equipment, and prepayments are excluded. For interest bearing deposits, trade and other receivables and trade and other payables, fair value is assumed to approximate to book value, given the short nature of these financial instruments.

	Book Value 2012 £	Fair Value 2012 £	Book Value 2011 £	Fair Value 2011 £
<b>Financial assets</b>				
Cash and cash equivalents	1,370,791	1,370,791	998,193	998,193
Trade and other receivables	76,191	76,191	90,094	90,094
	<b>1,446,982</b>	<b>1,446,982</b>	<b>1,088,287</b>	<b>1,088,287</b>
<b>Financial liabilities</b>				
Trade and other payables	178,283	178,283	83,636	83,636
	<b>178,283</b>	<b>178,283</b>	<b>83,636</b>	<b>83,636</b>

15. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Allotted, called-up and fully paid 900,000 ordinary shares (2011 540,000 shares) of £1 each	900,000	540,000

During the year the Company issued 360,000 Ordinary shares of £1 each (2011: nil), at a premium of £4 each per share for a total cash consideration of £1,800,000 (2011: nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**16 FINANCIAL RISKS**

The Company's mortgage activities expose it to a variety of financial risks which are categorised as follows

- Liquidity risk
- Credit risk
- Market risk
- Interest rate risk

**Liquidity risk**

Liquidity risk is the risk that a company is unable to fund assets to meet obligations as they fall due under both normal and stressed market conditions. The Company has limited liquidity risk. The Company only has one major asset type, which is its short term cash deposits and it has no major liabilities to fund (either on or off balance sheet).

The Company's liquidity risk management is fully integrated with management of liquidity globally in the Credit Suisse Group and documented in the global Liquidity Policy and Investment of Excess Funds Policy.

The table below shows the maturity of financial liabilities the Company is exposed to, and the undiscounted contractual maturity of the liabilities it faces.

<b>2012</b>	<b>Not later than one month</b>	<b>Over one month but not more than 3 months</b>	<b>Over 3 months but not more than 1 year</b>	<b>Due between 1 and 5 years</b>	<b>Due after 5 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provisions	5,928	5,248	15,744	18,435	-	45,355
Accruals and deferred income	259,626	-	15,210	-	-	274,836
Trade payables	-	178,283	-	-	-	178,283
<b>Total financial liabilities</b>	<b>265,554</b>	<b>183,531</b>	<b>30,954</b>	<b>18,435</b>	<b>-</b>	<b>498,474</b>

<b>2011</b>	<b>Not later than one month</b>	<b>Over one month but not more than 3 months</b>	<b>Over 3 months but not more than 1 year</b>	<b>Due between 1 and 5 Years</b>	<b>Due after 5 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provisions	10,363	9,174	27,522	32,226	-	79,285
Accruals and deferred income	209,278	-	15,275	-	-	224,553
Trade payables	-	83,636	-	-	-	83,636
<b>Total financial liabilities</b>	<b>219,641</b>	<b>92,810</b>	<b>42,797</b>	<b>32,226</b>	<b>-</b>	<b>387,474</b>

The directors consider that the carrying value of financial liabilities approximates to their fair value.

**Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's clients or market counterparties fail to fulfil their contractual obligations to the Company. The Company's working capital, for day-to-day expenses, is held with Credit Suisse AG. Therefore the maximum exposure to credit risk that the Company has is £1,451,054 comprising £270,791 (2011: £163,193) of cash and cash equivalents held with Barclays Bank Plc, £1,100,000 (2011: £835,000) of deposit held with Credit Suisse AG and £80,263 (2011: £90,094) of trade and other receivables. The majority of trade receivables are intercompany or related parties and are settled within 3 months and therefore are considered as low risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

16 FINANCIAL RISKS (*continued*)

Credit risk (*continued*)

Maximum exposure to credit risk	2012	2011
	£	£
Cash equivalents held with Barclays Bank Plc	270,791	163,193
Deposit held with Credit Suisse AG	1,100,000	835,000
Trade and other receivables	80,263	90,094
<b>Maximum exposure to credit risk</b>	<b>1,451,054</b>	<b>1,088,287</b>

- The Company does not directly provide loans or any form of financing to its clients
- The Company does not hold any forms of investments other than cash deposits

Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates and foreign exchange rates. The Company has minimal direct market risk. The Company is not affected by the movement of foreign exchange rates because its activities are all in Sterling.

Interest rate risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and/or reduced income from the Company's interest bearing financial assets and liabilities. As the Company does not hold any investments other than very short term fixed rate cash deposits, and has no borrowing, it is not exposed to movements in interest rates.

A change of 50 basis points in interest rates at the yearend would have increased/(decreased), equity and profit or loss by £5,175 / (£5,175) (2011: £3,668 / (£3,668)). This calculation assumed that the change occurred at the year end and had been applied to risk exposures existing at that date and is stated net of income tax assuming the corporation tax rate applicable during the year of 24.5% (2011: 26.5%).

17 CAPITAL MANAGEMENT

The capital of the Company is represented by 900,000 ordinary shares (2011: 540,000 ordinary shares).

The Company's lead regulator, the Financial Conduct Authority (FCA), sets and monitors capital requirements for the Company. In implementing current capital requirements the FCA requires the Company to have capital in excess of its capital requirements.

The capital balances and capital requirements are monitored on a regular basis by the regulatory reporting departments and the directors of the Company. Funding is provided when necessary to meet capital requirements and is approved by the Credit Suisse group Treasury Department.

The Board of Directors monitor the capital base and the return of capital to investors.

The Company has complied with all externally imposed capital requirements throughout the year.

There were no changes in the Company's approach to capital management during the year.

18. SUBSEQUENT EVENTS

There are no subsequent events to be reported.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19 EXPLANATION OF TRANSITION TO IFRSs

As stated in note 2 these are the Company's first financial statements prepared in accordance with EU Adopted IFRS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS Statement of Financial Position at 1 January 2011.

In preparing its opening IFRS statement of financial position the Company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP (its previous UK GAAP). An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and accompanying notes.

**Reconciliation of total comprehensive income**  
**Year ended 31<sup>st</sup> December 2011**

	Previous GAAP	Effect of transition to IFRS	IFRS
	£	£	£
Revenue	209,360	3,162,407	3,371,767
Cost of sales	-	(4,511,182)	(4,511,182)
<b>Gross profit/(loss)</b>	<b>209,360</b>	<b>(1,348,775)</b>	<b>(1,139,415)</b>
Administrative expenses	(1,633,669)	1,348,775	(284,894)
<b>Operating loss</b>	<b>(1,424,309)</b>	<b>-</b>	<b>(1,424,309)</b>
Interest income	4,044	-	4,044
<b>Loss before tax</b>	<b>(1,420,265)</b>	<b>-</b>	<b>(1,420,265)</b>
Taxation	-	-	-
<b>Loss for the year</b>	<b>(1,420,265)</b>	<b>-</b>	<b>(1,420,265)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19 EXPLANATION OF TRANSITION TO IFRSs (*continued*)

Reconciliation of equity

1 January 2011	Previous GAAP	Effect of transition to IFRS	IFRS
	£	£	£
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank and in hand	2,341,018	(2,341,018)*	-
Cash and cash equivalents	-	2,341,018*	2,341,018
Debtors	122,739	(122,739)*	-
Trade and other receivables	-	88,852*	88,852
Prepayments and accrued income	-	33,887*	33,887
<b>Total current assets</b>	<b>2,463,757</b>	<b>-</b>	<b>2,463,757</b>
<b>TOTAL ASSETS</b>	<b>2,463,757</b>	<b>-</b>	<b>2,463,757</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors amounts falling due within one year	307,228	(307,228)*	-
Trade and other payables	-	1,449*	1,449
Accruals and deferred income	-	279,779*	279,779
Provisions	-	26,000*	26,000
<b>Total current liabilities</b>	<b>307,228</b>	<b>-</b>	<b>307,228</b>
<b>TOTAL LIABILITIES</b>	<b>307,228</b>	<b>-</b>	<b>307,228</b>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	540,000	-	540,000
Share premium	1,600,000	-	1,600,000
Profit and loss account	16,529	(16,529)*	-
Retained earnings	-	16,529*	16,529
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,156,529</b>	<b>-</b>	<b>2,156,529</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,463,757</b>	<b>-</b>	<b>2,463,757</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19. EXPLANATION OF TRANSITION TO IFRSs (*continued*)

Reconciliation of equity (*continued*)

31 December 2011	Previous GAAP	Effect of transition to IFRS	IFRS
	£	£	£
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank and in hand	998,193	(998,193)*	-
Cash and cash equivalents	-	998,193*	998,193
Debtors	125,545	(125,545)*	-
Trade and other receivables	-	90,094*	90,094
Prepayments	-	35,451*	35,451
<b>Total current assets</b>	<b>1,123,738</b>	<b>-</b>	<b>1,123,738</b>
<b>TOTAL ASSETS</b>	<b>1,123,738</b>	<b>-</b>	<b>1,123,738</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors amounts falling due within one year	387,474	(387,474)*	-
Trade and other payables	-	83,636*	83,636
Accruals and deferred income	-	224,553*	224,553
Provisions	-	79,285*	79,285
<b>Total current liabilities</b>	<b>387,474</b>	<b>-</b>	<b>387,474</b>
<b>TOTAL LIABILITIES</b>	<b>387,474</b>	<b>-</b>	<b>387,474</b>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	540,000	-	540,000
Share premium	1,600,000	-	1,600,000
Retained earnings	(1,403,736)	-	(1,403,736)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>736,264</b>	<b>-</b>	<b>736,264</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,123,738</b>	<b>-</b>	<b>1,123,738</b>

Notes to the reconciliations

\* Presentational adjustments have been made to the financial statements principally to reflect revised terminology under IFRS compared to UK GAAP. Revenue and cost of sales relating to mortgage administration services incurred by the owners of the economic interests in the mortgages are recognised on a gross rather than net basis under IAS 18 Revenue.

There has been no impact on total assets, total liabilities or shareholders' equity at 1 January 2011 or at 31 December 2011.