

OAKWOOD GLOBAL ASSETS LIMITED

(Registered company number 5456331)

Annual Report and Financial Statements

31 December 2014

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COMPANY INFORMATION

DIRECTORS

LDC Securitisation Director No. 3 Limited
LDC Securitisation Director No. 4 Limited
Ian Kenneth Bowden

SECRETARY

Law Debenture Corporate Services Limited

REGISTERED OFFICE

Fifth Floor
100 Wood Street
London
EC2V 7EX

AUDITOR

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

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STRATEGIC REPORT

The directors present their Strategic Report for Oakwood Global Assets Limited (the Company) and its subsidiaries (together referred to as “the Group” and individually as “the Group entities”) for the year ended 31 December 2014.

Activity, Objective, Business Model and Review of the Year

The Company was originally incorporated in England & Wales on 19 May 2005 as a private limited company called DIALBAY LIMITED and changed its name on 8 July 2005 to Oakwood Global Assets Limited.

The Company’s principal activity is to act as the Parent Company for a series of companies engaged in the securitisation of residential mortgage portfolios. In that connection, it has not traded since incorporation and its only activity has been the acquisition of subsidiaries.

The Group consists of the following subsidiary companies:

ALBA 2005-1 PLC

ALBA 2006-1 PLC

ALBA 2006-2 PLC

ALBA 2007-1 PLC

Each of these companies has filed separate financial statements for the year ended 31 December 2014.

Business Review

No new subsidiaries were taken on during the year and none of the above Group entities issued any new notes.

Results

The results for the year are set out on page 6.

Key Performance Indicators (KPIs)

Financial KPIs - the directors of the Group entities monitor the actual receipts and payments of interest to and from their Company through the bank statements and measure these against schedules and forecasts prepared by the servicers of the mortgage pools, in accordance with the underlying transaction documents. The directors believe that the Group entities have met all conditions of the transaction documents issued for funding the securitisation activity. In addition, the directors of the Group entities monitor the quarterly investor reports that contain a range of data on the performance of the subsidiaries’ mortgage portfolio (e.g. arrears data, weighted current LTVs (loan to value), weighted average interest rate, etc).

Non-financial KPIs – as the purpose of the business is entirely finance related, the directors are of the view that there are no meaningful non-financial KPIs that could be adopted.

The KPIs of the subsidiaries include:

- the percentage of the pool greater than 3 months in arrears,
- the weighted average current loan to value (by value),
- the average loan size,
- the weighted average interest rate.

The respective KPIs for each subsidiary company can be seen in the individual subsidiary’s Annual Report and Financial Statements.

Going concern

The directors have reviewed the expenses and cash flows of the subsidiaries and are satisfied that for the foreseeable future there are sufficient funds available to meet expenses as and when they fall due.

Notwithstanding a deficit of £1.727m, the directors believe the company will continue to trade for the foreseeable future.

STRATEGIC REPORT (continued)**Going concern (continued)**

The subsidiaries rely on the cash flows from pools of sub-prime mortgages to meet the payments on their liabilities. The subsidiaries continue to meet all their debts as they fall due for payment and each of their most recently filed accounts was prepared under the going concern basis. Each of the Group entities has performed better in 2014 than in previous years and each has managed to replenish its reserve funds. However, any renewed deterioration in the mortgage and housing market could result in future estimated cash flows received from the subsidiaries' assets being significantly less than expected. Any reduction in cash flows may also impact on the subsidiaries' ability to repay the amounts due under the limited recourse loan notes and subordinated loans. However, the Group entities are only liable to repay amounts to the extent that they receive funds.

Recognising the non-trading nature of the Company, and the statements of the directors of each of the Group entities about the performance and financial position of each of them, the directors confirm that the accounts of the Company and the Group have been prepared on the going concern basis.

The directors of the respective Group entities have prepared cash flow forecasts for the Group entities which show the companies being able to continue to meet their liabilities based on current expected bad debts experience. Accordingly, the financial statements do not include the adjustments that would result if the Group entities were unable to continue as going concerns.

Principal Risks and Uncertainties

There are primarily credit, interest and liquidity risks. This includes the correct and timely receipts of interest and principal on the mortgage loans. Further details about these risks and the steps that are taken to manage them are set out at note 22 to the financial statements.

Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security based on the probability of the loan going to repossession. More information, including about forbearance, is included at Note 1.

Internal controls, risk profile and risk management

The Board has overall responsibility for the Group's internal control system which encompasses all risks faced by the Group including business, operational and compliance risks. The Board is responsible for approving the Group's risk management strategy, and the level of acceptable risks. The principal risks faced by the Company are set out in the following paragraph, and expanded upon at Note 22, including a description of how those risks are managed.

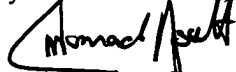
Derivatives and other financial instruments

Financial instruments, other than derivatives and fixed and variable rate mortgages, comprise the Notes, cash and other liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. Further details are set out in Note 1 and Note 22 of the accounts.

Future Developments

The Group does not anticipate any new securitisation activity in the immediate future. The entities within the group will repay their noteholders over the life of the mortgage pools based on cash receipts from the mortgage holders.

By order of the board,



Law Debenture Corporate Services Limited
Company Secretary
24 June 2015

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

Proposed dividend

The directors have not declared or paid a dividend (2013: £ Nil).

Directors

The directors who held office during the year were:

L.D.C Securitisation Director No.3 Limited

L.D.C Securitisation Director No.4 Limited

Ian Kenneth Bowden

During the year none of the directors held any beneficial interests in the shares of the Company.

The directors are not subject to retirement by rotation.

Directors' interest

During the year none of the directors held beneficial interests in the shares of the Company.

Political and charitable contributions

The Group made no political or charitable donations during the year (2013: nil).

Auditor

KPMG Audit Plc resigned during the year and KPMG LLP was appointed to fill the vacancy arising. Under Section 487 of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to the members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

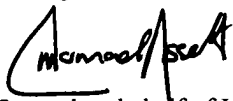
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board,

Approved by the Board of Directors

and signed on behalf of the Board



For and on behalf of Law Debenture Corporate Services Limited

Company Secretary

24 June 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the group and parent company 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 group and parent company and of their profit or loss for that year.

In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKWOOD GLOBAL ASSETS LIMITED

We have audited the financial statements of Oakwood Global Assets Limited for the year ended 31 December 2014 as set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of its profit 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.

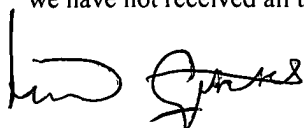
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.



Richard Gabbertas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom
June 2015

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		£000s	£000s	£000s	£000s
Interest receivable and similar income	3	25,373	27,687	4	4
Fair value movements of derivatives	4	(2,461)	368	-	-
Foreign exchange gain / (loss) on loan notes		2,312	(481)	-	-
Interest payable and similar charges	5	(20,755)	(20,076)	-	-
Net interest income		4,469	7,498	4	4
Administration expenses	6	(3,327)	(3,603)	(4)	(4)
Impairment (charge)	7	(417)	(2,850)	-	12
Profit on activities before taxation		725	1,045	-	12
Taxation	8	-	-	-	-
Profit for the year		725	1,045	-	12

There are no recognised gains or losses for the year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

All the Group and Company's income is derived from continuing operations.

The notes on pages 9 to 25 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		£000s	£000s	£000s	£000s
Fixed Assets					
Mortgage loans	9	959,112	1,026,467	-	-
Derivative assets	10	4,240	6,583	-	-
Investments	11	-	-	24	24
Total fixed assets		963,352	1,033,050	24	24
Current Assets					
Debtors – amounts falling due within one year	12	149	152	4	4
Cash at bank and in hand	13	94,328	92,385	-	-
		1,057,829	1,125,587	28	28
Creditors					
Creditors - amounts falling due within one year	14	(2,233)	(2,031)	(4)	(4)
Liquidity facility drawdown	17	(65,164)	(65,164)	-	-
Total assets less current liabilities		990,432	1,058,392	24	24
Creditors – amounts falling after one year					
Creditors - amounts falling due after one year	16	(991,445)	(1,060,248)	(49)	(49)
Derivative liabilities	15	(714)	(596)	-	-
Net liabilities		(1,727)	(2,452)	(25)	(25)
Capital and reserves					
Called up share capital	18	-	-	-	-
Profit and loss reserve	19	(1,727)	(2,452)	(25)	(25)
Shareholders' deficit	19	(1,727)	(2,452)	(25)	(25)

The notes on pages 9 to 25 form part of these financial statements

These financial statements were approved by the Board of Directors on 24 June 2015

Signed on behalf of the Board of Directors



L.D.C Securitisation Director No. 3 Limited
Director

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Group		Company	
		2014	2013	2014	2013
		£000s	£000s	£000s	£000s
Net cash inflow from operating activities	21	5,135	4,467	-	-
Capital expenditure and financial investment					
Tax paid		(1)	-	-	-
Repayment of mortgage loans	9	65,612	51,591	-	-
Net cash inflow before management of liquid resources and financing		70,746	56,058	-	-
Financing					
Net drawdown of liquidity facility	17	-	-	-	-
Loan notes repaid	16	(66,942)	(53,448)	-	-
Reverse reduction in Sub notes	16	505	(505)	-	-
Residual holder creditor	16	(2,366)	(1,708)	-	-
Increase in cash in the year		1,943	397	-	-

Reconciliation of net cash flow to movement in net debt

	Note	Group		Company	
		2014	2013	2014	2013
		£000s	£000s	£000s	£000s
Net debt as at 1 January		(1,033,027)	(1,089,098)	(49)	(49)
Less loan notes redeemed		66,942	53,448	-	-
Reduction in Sub notes		(505)	505	-	-
Residual holder creditor		2,366	1,708	-	-
Amortisation of issue costs	16	-	13	-	-
Cash received from other loans		(964,224)	(1,033,424)	(49)	(49)
Increase in cash in the year		1,943	397	-	-
Net debt as at 31 December	25	(962,281)	(1,033,027)	(49)	(49)

The notes on pages 9 to 25 form part of these financial statements

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014****1. ACCOUNTING POLICIES**

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

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention (except for the valuation of certain financial instruments, where required or permitted by FRS 26).

Consolidation

The consolidated financial statements incorporate the financial statements of the parent Company – Oakwood Global Assets Limited (the Company) and its following subsidiaries (together referred as “the Group” and individually as “the Group entities”) for which the Company holds the majority of the voting rights:

- ALBA 2005-1 PLC
- ALBA 2006-1 PLC
- ALBA 2006-2 PLC
- ALBA 2007-1 PLC

Going concern

Notwithstanding a net deficit of £1.727m, the directors consider that the Group will continue to trade for the foreseeable future.

The Group entities are financing vehicles for sub-prime mortgages and are financed by the issue of mortgage backed securities. The repayment of finance issued by these companies is solely dependent on the performance of the sub-prime mortgages held within these companies. Specifically, if mortgages are in arrears and expected losses on repossession increase, there will be less cash available in the structure to pay finance providers, although there are provisions within the finance agreements for interest on more junior notes to be deferred. Financial support will not be provided by any Group entity to support the debts of another Group entity.

2014 saw a further improvement in the UK mortgage and housing market (with the continuation of a low interest rate environment) although conditions remain challenging. The Group has seen accounts in arrears (> 3 months) reduce slightly to 7.1% by the year end (2013: 9.3%).

Should any Group entity be unable to pay amounts due to its providers of finance, then the providers of finance may take proceedings via the relevant Trustee to enforce their security over the mortgage pool. This may place a long term restriction on the Company's ability to exercise its rights over the subsidiary undertaking's assets and, as such, would result in a subsidiary no longer being consolidated.

The Company is capitalised by loans from The Law Debenture Intermediary Corporation p.l.c. which are only payable to the extent the borrower has funds available. As such, the directors consider the Company is a going concern.

As noted above, there is a risk that certain of the Group entities may encounter financing issues. Such issues may result in severe long term restrictions arising in the future over the Company's ability to exercise its rights over the Group entities' assets. As the providers of finance have no recourse to other Group entities in the event of a default of a specific subsidiary, the directors believe it remains appropriate to prepare both the Company and the consolidated financial statements on a going concern basis.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014****1. ACCOUNTING POLICIES (continued)****BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Group entities owned by the Company made up to the end of the financial year.

The Company owns the share capital in the Group entities and shares in any residual profit (after paying deferred consideration) at the end of the vehicles' lives.

Inter-company transactions are eliminated. The financial statements of subsidiaries are adjusted, where necessary, to ensure the accounting policies used are consistent with those adopted by the Group. The Company has not taken advantage of exemptions under Financial Reporting Standard 1: Cash Flow Statements.

MORTGAGE LOANS AND PREMIUMS

Mortgage loans are stated at amortised cost (on an effective interest rate basis) less impairment provision. As permitted by FRS 26, the Group entities have designated that the mortgage loans upon initial recognition are measured at fair value, and subsequently, at amortised cost.

MORTGAGE IMPAIRMENT PROVISIONS

Individual provisions are made for loans or advances considered to be bad or doubtful. Individual provisions are assessed on a case by case basis or, where this is not practical, as part of a portfolio of similar advances using loan loss estimation models. Assessments are made of all loans and advances on properties which are in possession or in arrears.

In addition, general provisions are made to cover losses which although not yet specifically identified, are anticipated from experience to exist in the Company's portfolio of loans. A provision may also be made in the case of accounts, which may not currently be in arrears, where the servicer on behalf of the Company has exercised forbearance in the conduct of the account. The provision will be based on the propensity of the account to realise a loss had forbearance not been shown. In all cases account will be taken of any amounts recoverable under contract of indemnity insurance and of anticipated disposal costs. No provision is made against the future carrying costs of impaired loans.

Provisions made during the year are charged to the profit and loss account, net of recoveries. If the collection of interest is considered doubtful, it is suspended and excluded from interest income in the profit and loss account. Provisions and suspended interest are written off to the extent that there is no longer any realistic prospect of recovery.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and liability simultaneously.

RECOGNITION AND DE-RECOGNITION OF ASSETS

The subsidiaries of the Group acquire mortgage portfolios which include mortgage loans, premiums and the rights, benefits and risks of these assets. In accordance with FRS 26 and FRS 29 these assets are recognised in the Group balance sheet.

Assets are derecognised only when either; the contractual rights to cash flows from the financial assets expire, or the transfer otherwise qualifies for de-recognition in accordance with FRS 26 and FRS 29.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014****1. ACCOUNTING POLICIES (continued)****FOREIGN CURRENCIES**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date, or if appropriate, at the forward contract rate.

SEGMENTAL REPORTING

The Company and Group have not disclosed segmental information because in the opinion of the directors the Company and Group operate in one business sector and generate all income in the United Kingdom.

TAXATION

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.

The Group entities have elected to enter the permanent tax regime for securitisation companies. The directors are satisfied that the Group entities meet the definition of a 'securitisation company' as defined by both the Finance Act 2005 and subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in the parent Company's balance sheet at cost less any provision for impairment.

FINANCIAL INSTRUMENTS

The directors have used the Provisions of FRS 26 relating to the option to designate financial instruments at fair value to the profit and loss account and to the (de)recognition of financial assets and liabilities.

The Group adopted the requirements of the amendments to FRS 29 Financial Instruments: Disclosures in 2009. The amendments require an entity to classify its financial assets and liabilities held at fair value according to a hierarchy that reflects the significance of observable market inputs.

Derivative financial instruments used for non-trading purposes include interest rate swaps and currency swaps, which are used by the subsidiaries primarily as a risk management tool for hedging interest rate risk arising on balance sheet assets and liabilities. The financial instruments are held at fair value.

DERIVATIVES

The Group entities use derivative financial instruments to hedge their exposure to fluctuations in interest and foreign exchange rates. In accordance with FRS 26, derivative financial instruments are accounted for at fair value. The Group has not adopted hedge accounting under FRS 26.

The derivatives are initially recognised at fair value on the date that the contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

FINANCIAL LIABILITIES

Financial liabilities arise from Group companies and comprise the mortgage backed floating rate notes, loans and deferred consideration. Financial liabilities are initially recorded in the balance sheet as the proceeds received net of any direct issue costs. On subsequent reporting dates, financial liabilities are measured at amortised cost based on the original effective interest rate.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's knowledge of the amount, actual results may differ from these estimates. If actual results differ from the estimates, the impact will be recorded in future years.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014****1. ACCOUNTING POLICIES (continued)****SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

The most significant judgements and estimates where the Group makes estimates are:

Impairment

Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security, based on the probability of the loan going to repossession. Estimates are required of the likely forced sale discount on the property and likelihood of the loan going to repossession based on the limited historical experience of the vehicle.

Effective interest rate (EIR)

In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. These estimates are based on historical data and reviewed as appropriate to reflect the expectations at the balance sheet date. Any changes in these estimates will result in an adjustment to the carrying value of the deferred consideration. The corresponding charge or release to the profit and loss will be included in the year in which the estimates are revised.

For all financial assets and liabilities measured at amortised cost, income and expenses are recognised in the profit and loss on an EIR basis.

Fair value

Fair values are used in these financial statements for recognition (derivatives) and disclosure purposes.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The existence of published price quotations in an active market is the best evidence of fair value and when they are available they are used. If the market for a financial instrument is not active, fair value is established using a valuation technique. Fair value represents point-in-time estimates that may change in subsequent reporting years due to market conditions or other factors.

The fair value of derivatives is calculated as the present value of their estimated future cash flows and quoted market prices.

The carrying value of trade debtors and creditors, as well as other prepayments and accruals, approximates to their fair value.

2. DIRECTORS' REMUNERATION AND EMPLOYEES

The Company has no employees (2013: Nil).

No directors' remuneration was paid directly by the entity or the subsidiaries during the year (2013: £ Nil).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group	
	2014	2013
	£000s	£000s
Interest receivable on mortgage loans	27,627	30,547
Bank interest	105	103
Swap interest (net)	(1,033)	(1,265)
Effective interest rate income adjustment	(1,326)	(1,698)
	25,373	27,687

For the Company, any expenses incurred such as audit fees are charged to the Group entities as recharge income. During the year, the Company has recharged the Group entities for audit fees of £3,780 (2013 £3,720) and this is recognised as revenue in the Company's profit and loss account.

4 FAIR VALUE MOVEMENTS OF DERIVATIVES

	Group	
	2014	2013
	£000s	£000s
Fair value loss on derivative assets	2,343	205
Fair value gain/(loss) on derivative liabilities	118	163
	2,461	368

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Group	
	2014	2013
	£000s	£000s
Swap interest (net)	255	303
Loan interest payable to noteholders	9,322	9,483
Payment of early repayment charge (MERC) or to the residual holders	11,178	10,290
	20,755	20,076

6. ADMINISTRATIVE EXPENSES

	Group	
	2014	2013
	£000s	£000s
Other administrative fees	3,195	3,467
Auditor's remuneration for the audit of the financial statements - Group entities	132	136
	3,327	3,603

During the year, the Company audit fees were £3,780 (2013 £3,720) and this is recognised as expense in the Company's profit and loss account.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

7. IMPAIRMENT CHARGE / (CREDIT)

	Group		Company	
	2014	2013	2014	2013
	£000s	£000s	£000s	£000s
Bad debts provision	(1,612)	(840)	-	-
Bad debts written off	2,029	3,690	-	-
Reversal in impairment of investments (note 11)	-	-	-	(12)
	417	2,850	-	(12)

8. TAXATION

(a) ANALYSIS OF TAXATION CHARGE

	Group	
	2014	2013
	£000s	£000s
UK corporation tax:		
Current Tax	-	-
Deferred tax adjustment	-	-
Total tax charge	-	-

The Company's subsidiaries have made an election to be taxed under the permanent regime of taxation of securitisation companies as laid down by SI 2006/3296. As a result of this election each subsidiary will be subject to tax on its 'retained profits' as determined in the securitisation documents. As a result, the Company has adjusted its expectation of the timing differences which will reverse on the fair value of derivatives. Accordingly, its estimate of the taxable timing differences is now nil.

(b) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

	Group	
	2014	2013
	£000s	£000s
Profit on ordinary activities before tax for the year (Group)	725	1,045
UK corporation tax @ 21.5% (2013:23.5%)	156	246
Profit not subject to tax	(156)	(246)
Total current tax expense	-	-

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. MORTGAGE LOANS

	Group	
	2014	2013
	£000s	£000s
Mortgage loan assets movement - Gross		
Mortgage loan assets brought forward	1,032,250	1,087,531
Redemptions	(65,612)	(51,591)
Bad debts written off	(2,029)	(3,690)
Mortgage loan assets carried forward	964,609	1,032,250
Analysis of net mortgage loan balance		
Gross mortgage loan assets	964,609	1,032,250
Effective interest rate adjustment	2983	4,309
Provision for bad debt	(8,480)	(10,092)
At 31 December	959,112	1,026,467

10. DERIVATIVE ASSETS

	Group	
	2014	2013
	£000s	£000s
Other derivatives	4,240	6,583
	4,240	6,583

11. INVESTMENTS

The Company owns 49,999 shares (one fully paid, the remainder a quarter paid) each in the share capital of ALBA 2005-1 PLC, ALBA 2006-1 PLC, ALBA 2006-2 PLC and ALBA 2007-1 PLC.

All subsidiaries are domiciled in U.K. and 100% owned by the Company.

The purchase of these investments was funded by means of an interest free loan from The Law Debenture Intermediary Corporation p.l.c. In accordance with the loan agreement, no principal is repayable until the Company has sufficient funds to make payments, which has not been the case for the year ended 31 December 2014.

	Company	
	2014	2013
	£000s	£000s
As at 1 January	24	12
Reversal of impairment of investments	-	12
As at 31 December	24	24

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2014	2013
	£000s	£000s
Other debtors	50	53
Prepayment and accrued income	96	96
Accrued GIC interest	3	3
	149	152

For the Company, debt from the Group entities has been recognised in order to facilitate the payment of the audit fees of £3,780 (2013: £3,720). Thus it is an inter-company debtor and does not appear in the Group's accounts.

13. CASH AT BANK AND IN HAND

	Group	
	2014	2013
	£000s	£000s
Cash deposits with instant access	29,164	27,221
Deposit with Barclays bank (note 17)	65,164	65,164
	94,328	92,385

The cash deposits repayable on demand represent non-recourse borrowings that have not yet been invested in a specific mortgage portfolio, and to which therefore loan noteholders have recourse.

14. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2014	2013
	£000s	£000s
Sundry creditors	573	744
Interest due to noteholders	1,528	1,154
Audit fees : Group entities	132	132
Corporation Tax	-	1
	2,233	2,031

For the Company, debt from the Group entities has been recognised in order to facilitate the payment of the audit fees of £3,780 (2013: £3,720). Thus it is an inter-company debtor and does not appear in the Group's accounts.

15. DERIVATIVE LIABILITIES

	Group	
	2014	2013
	£000s	£000s
Interest rate derivatives	714	596
	714	596

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	Group			
	2014	2014	2013	2013
	€000s	£000s	€000s	£000s
Class A3 Floating Rate Notes 2042		44,006		46,161
Class B Floating Rate Notes 2042		14,993		15,728
Class C Floating Rate Notes 2042		9,176		9,626
Class D Floating Rate Notes 2042		4,709		4,940
Class E Floating Rate Notes 2042		2,805		2,942
Class A3a Floating Loan Notes 2037		32,616		35,062
Class A3b Floating Loan Notes 2037		21,908		23,550
Class B Floating loan Notes 2037		43,568		46,833
Class C Floating Loan Notes 2037		15,278		16,424
Class D Floating Loan Notes 2037		10,822		11,634
Class E Floating Loan Notes 2037		7,321		7,870
Class A3a Floating Rate Notes 2038		97,467		103,906
Class A3b Floating Rate Euro Notes 2038	35,697	27,747	38,073	31,645
Class B Floating Rate Notes 2038		36,824		39,256
Class C Floating Rate Notes 2038		23,783		25,354
Class D Floating Rate Notes 2038		16,594		17,690
Class E Floating Rate Notes 2038		14,379		15,328
Class F Floating rate Notes 2038		7,189		7,664
Loan Notes Class A2 2039		30,913		67,427
Loan Notes Class A3 2039		269,000		269,000
Loan Notes Class B 2039		105,800		105,800
Loan Notes Class C 2039		55,300		55,300
Loan Notes Class D 2039		34,500		34,500
Loan Notes Class E 2039		23,800		23,800
Loan Notes Class F 2039		20,400		20,400
Subordinated Loan Notes		19,292		18,787
Residual Holders creditors		1,206		3,572
Loans from The Law Debenture Intermediary Corporation plc*		49		49
		991,445		1,060,248

*The loans from The Law Debenture Intermediary Corporation plc are a debt of the Company and of the Group.

All the notes are denominated in Sterling or Euro. Coupons are paid quarterly based on LIBOR plus the relevant margin. The range is LIBOR + 0.09% to 3.25% repayable at maturity.

Total of redeemed notes as per above table is £68,802,000.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR (continued)

In each case the option for early repayment will only be exercised with the prior consent of the Irish Financial Services Regulatory Authority (“IFSRA”). The noteholders’ rights are subordinate to those of the depositors and other creditors and also to those of the shareholders in respect of share principal and accrued interest.

The Subordinated Loan Notes are recognised at their principal amount, but in the event of the Security Trustee serving an Enforcement notice, payments will be made in accordance with the “post-enforcement priority of payments” set out in the transaction documents.

Residual holders in the subsidiaries will be paid any amount left from the waterfall, after paying all the expenses, interest due to note holders, issuers profit and any shortfall on principal redemption of the notes, at each interest payment date (IPD).

The Euro/Sterling exchange rate was 1.28705 at 31 December 2014 (2013: 1.20310).

17. LIQUIDITY FACILITY DRAWDOWNS

Following the downgrade of Danske Bank A/S’s short term rating in 2009, two of the Group entities drew down their committed liquidity facilities and in May 2013 Alba 2006-2 drew down its committed liquidity facility, and the total breakdown is as follows:

	Group	
	2014	2013
	£000s	£000s
Danske Bank – Liquidity facility ALBA 2005-1 (note 25)	10,986	10,986
Danske Bank – Liquidity facility ALBA 2006-1 (note 25)	23,300	23,300
Danske Bank – Liquidity facility ALBA 2006-2 (note 25)	30,878	30,878
	65,164	65,164

The balances set out above are being held in separate Barclays bank accounts as disclosed in Note 13.

18. CALLED UP SHARE CAPITAL

	Company	
	2014	2013
	£	£
<i>Authorised</i>		
Equity: 100 ordinary shares of £1 each	100	100
<i>Allotted and part paid</i>		
1 ordinary share of £1 held on trust by The Law Debenture Intermediary Corporation plc	1	1

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	Group		Company	
	2014	2013	2014	2013
	£000s	£000s	£000s	£000s
At 1 January	(2,452)	(3,497)	(25)	(37)
Profit for the year	725	1,045	-	12
At 31 December	(1,727)	(2,452)	(25)	(25)

20. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values of the long term borrowings are calculated using the current market price for the loan notes on 31 December 2014. The fair values of the mortgage loans have been adjusted to take account of the market yields implied by the loan notes valuations.

Set out below is a comparison by category of book values and fair values of the Group's financial assets and liabilities as at year end.

31 December 2014

	Assets at fair value through the profit and loss	Loans and receivables	Total carrying Value	Fair value
Group	£000s	£000s	£000s	£000s
Financial assets				
Mortgage loans	-	959,112	959,112	863,506
Cash at bank and in hand	-	94,328	94,328	94,328
Debtors due within one year	-	149	149	149
Derivative assets	4,240	-	4,240	4,240
Total financial assets	4,240	1,053,589	1,057,829	962,223

	Liabilities at fair value through the profit and loss	Amortised cost	Total carrying Value	Fair value
Group	£000s	£000s	£000s	£000s
Financial liabilities				
Liquidity facility drawdown	-	(65,164)	(65,164)	(65,164)
Long term borrowings	-	(991,396)	(991,396)	(894,388)
Derivative liabilities	(714)	-	(714)	(714)
Total financial liabilities	(714)	(1,056,560)	(1,057,274)	(960,266)

At a company balance sheet level, financial assets and liabilities consist of debtors of £4,000 (2013: £4,000) and creditors of £49,000 (2013: £53,000) which are held at amortised cost. The fair value of these financial assets and liabilities materially equates to their book value.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

20. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)
31 December 2013

Group	Assets at fair value through the profit and loss	Loans and receivables	Total carrying Value	Fair value
Financial assets	£000s	£000s	£000s	£000s
Mortgage loans	-	1,026,467	1,026,467	884,441
Cash at bank and in hand	-	92,385	92,385	92,385
Debtors due within one year	-	152	152	152
Derivative assets	6,583	-	6,583	6,583
Total financial assets	6,583	1,119,004	1,125,587	983,561

Group	Liabilities at fair value through the profit and loss	Amortised cost	Total carrying Value	Fair value
Financial liabilities	£000s	£000s	£000s	£000s
Liquidity facility drawdown	-	(65,164)	(65,164)	(65,164)
Long term borrowings	-	(1,060,248)	(1,060,248)	(918,173)
Derivative liabilities	(596)	-	(596)	(596)
Total financial liabilities	(596)	(1,125,412)	(1,126,008)	(983,933)

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

		Group		Company	
	Notes	2014	2013	2014	2013
		£000s	£000s	£000s	£000s
Operating profit before tax		725	1,045	-	12
Decrease in debtors	12	3	177	-	-
Decrease in effective interest rate adjustment	9	1,326	1,698	-	-
Increase / (decrease) in creditors	14	203	(922)	-	-
Decrease in provision for bad debts	9	(1,612)	(840)	-	-
Reversal in impairment of investments	11	-	-	-	(12)
Bad debts written off	9	2,029	3,690	-	-
Decrease in capitalisation issue cost	16	-	(13)	-	-
Decrease / (increase) in derivative assets	10	2,343	(195)	-	-
Increase / (decrease) in derivative liabilities	15	118	(173)	-	-
Net cash inflow from operating activities		5,135	4,467	-	-

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

a) GENERAL

The Group's financial instruments, other than the asset-backed floating rate notes it has issued, comprise mortgage loan assets, derivatives, borrowings, some cash and liquid resources, and various items, such as trade debtors, trade creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to fund the initial origination of mortgages and to provide the Group's working capital. The note issue structure and interest payments thereon is designed to match the funding and risks inherent in the mortgage portfolios acquired by the Group entities.

The Group entities enter into derivatives transactions in the nature of interest rate swaps to manage the interest rate risks associated with certain fixed and floating rate mortgages.

Neither the Company nor the Group entities trade in financial instruments.

b) TYPES OF RISK

Credit risk

Credit risk arises primarily from the potential for default in the mortgage pools. This risk is managed via the Note Issue terms and conditions whereby credit risk is transferred to the Noteholders. All mortgages are secured on residential property, and the Group places strong emphasis on the market value of the properties.

There are no significant concentrations of risk due to the large number of customers within the mortgage portfolio.

The table below provides further information on residential loans by payment due status.

	Group			
	2014		2013	
	£000s	%	£000s	%
Not impaired				
Neither past due nor impaired	896,391	92.9	936,375	90.8
Impaired				
Past due 3 to 6 months	40,079	4.2	56,165	5.4
Past due 7 to 12 months	16,624	1.7	22,911	2.2
Past due over 12 months	7,202	0.7	14,477	1.4
	63,905	6.6	93,553	9.0
Possessions	4,313	0.5	2,322	0.2
	964,609	100.0	1,032,250	100.0

The maximum exposure to credit risk for the Group is represented by the carrying value of each financial asset as set out below:

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

b) TYPES OF RISK (continued)

Credit risk (continued)

	Group	
	2014	2013
	£000s	£000s
Mortgage loans	964,609	1,032,250
Derivative assets	4,280	6,583
Debtors	149	152
Cash at bank and in hand	94,328	92,385
Total on-Balance Sheet and maximum exposure to credit risk	1,063,366	1,131,370

The table below sets out the carrying amount and the approximate fair value of the collateral held against exposures to customers. The estimate of fair value is based on the valuation performed at the time of borrowing or revalued using the HPI at 31 December 2014, or the most recent valuation if the loan has been individually assessed as impaired. The fair values of collateral are capped at the lower of these valuations or the carrying value of the mortgage loans.

	Carrying value	Fair value of collateral
	£000s	£000s
Mortgage loans	964,609	964,609

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times.

To this extent the Group has mitigated the risk by matching the floating rates on the mortgage pool with floating rate liabilities. The rates of interest on both the mortgage pool and floating rate liabilities are reset on the basis of LIBOR and BBR.

The directors regularly monitor the risks associated with any timing differences that arise with the resetting of the LIBOR and BBR rates, and have entered into interest basis swap agreements with a third party to manage this risk. The principal profiles for each swap are initially input as the expected redemption profile of the individual mortgage pools.

If LIBOR for 3-month sterling deposits was 1% higher or lower, with all other variables held constant, the effect on the Group's net interest income would be immaterial due to the equivalent movements on interest on the Loan notes.

Liquidity risk

Mortgage loan assets are funded by the issue of non-recourse notes. Liquidity risk is managed by issuing the notes prior to or at the same time as the assets are acquired. Cash flow forecasts are used to determine the Group's liquidity requirements. Liquidity risks generated by delinquencies and any ultimate credit losses are managed through the non-recourse nature of the Notes and through a liquidity facility (which the Group has not had to utilise) with Danske Bank (set in note 25).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

b) TYPES OF RISK (continued)

Liquidity risk (continued)

The contractual undiscounted cash flows associated with financial liabilities were as follows

Group	In less than 1 month £000s	After 1 month but within 3 months £000s	After 3 months but within 1 year £000s	After 1 year but within 5 years £000s	After 5 years £000s	Total £000s
As at 31 December 2014						
Liquidity facility drawdown	-	-	65,164	-	-	65,164
Derivative liabilities	-	-	-	714	-	714
Interest on loan notes	-	2,658	7,817	33,724	81,072	125,271
Long term borrowings - loan notes		15,804	46,994	216,299	712,299	991,396
	-	18,462	119,975	250,737	793,371	1,182,545

Group	In less than 1 month £000s	After 1 month but within 3 months £000s	After 3 months but within 1 year £000s	After 1 year but within 5 years £000s	After 5 years £000s	Total £000s
As at 31 December 2013						
Liquidity facility drawdown	-	-	65,164	-	-	65,164
Derivative liabilities	-	-	-	596	-	596
Interest on loan notes	-	2,781	8,245	37,347	108,536	156,909
Long term borrowings - loan notes	-	12,221	37,686	178,859	831,433	1,060,199
	-	15,002	111,095	216,802	939,969	1,282,868

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Group's main foreign currency risk exposure is from the proportion of the mortgage – backed floating rate notes issued in connection with the Group's securitisation transactions denominated in Euro. The affected Group entity, ALBA 2006-2 PLC, has entered into cross currency swaps to provide economic hedge against the risk of fluctuations in the exchange rate, with the derivative instruments used to match the maturity of the underlying floating rate notes.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

23. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

During 2009 the Group adopted the requirements of the amendments to FRS 29 Financial Instruments: Disclosures. The amendments require an entity to classify its financial assets and liabilities held at fair value according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below.

Quoted market prices - Level 1

Financial instruments, the valuation of which are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

No financial asset or liability has been included in this category.

Valuation technique using observable inputs - Level 2

Financial instruments that have been valued using inputs other than quoted prices as described for level 1 but which are observable for the asset or liability, either directly or indirectly.

This category includes derivative contracts for interest rate swaps. The value of the interest rate swaps are driven by a number of factors, including market interest rates, and run-off of the mortgage portfolio (given that the swaps are adjusted to track the outstanding mortgage balance). Whilst the run-off of the mortgage portfolio is not market observable, it can be derived from historic data and therefore the directors consider that these derivatives should be regarded as level 3 fair values.

No financial asset or liability has been included in this category.

Valuation technique using significant unobservable inputs - Level 3

Financial instruments, the valuation of which incorporates significant inputs for the asset or liability that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

	Group Valuation based on			Total
	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
31 December 2014	£000s	£000s	£000s	£000s
Derivative financial assets	-	-	4,240	4,240
Total assets	-	-	4,240	4,240
Derivative financial liabilities	-	-	714	714
Total liabilities	-	-	714	714

	Group Valuation based on			Total
	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
31 December 2013				
Derivative financial assets	-	-	6,583	6,583
Total assets	-	-	6,583	6,583
Derivative financial liabilities	-	-	596	596
Total liabilities	-	-	596	596

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

24. BORROWING FACILITIES

The Group entities Alba 2005-1 PLC, Alba 2006-1 PLC and Alba 2006-2 PLC drew their committed Liquidity Facility following the downgrade of short term credit rating of Danske Bank (see note 17 for the amount withdrawn from Danske and deposited with Barclays bank).

25. ANALYSIS OF NET DEBT

	Group		Company	
	2014	2013	2014	2013
	£000s	£000s	£000s	£000s
Cash in hand and in bank 31 December	94,328	92,385	-	-
Liquidity facility drawdown, net of repayment	(65,164)	(65,164)	-	-
Loan notes (excluding loan)	(991,396)	(1,060,199)	-	-
Interest free loan	(49)	(49)	(49)	(49)
Net debt at 31 December	(962,281)	(1,033,027)	(49)	(49)

26. RELATED PARTY TRANSACTIONS

There are no related party transactions requiring disclosure under FRS 8, Related Party Disclosure.

27. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent is The Law Debenture Intermediary Corporation p.l.c., the one issued share of the Company being held at its discretion, for the benefit of charitable purposes. The shareholder is registered in England and Wales and accounts can be obtained from Fifth Floor, 100 Wood Street, London EC2V 7EX.