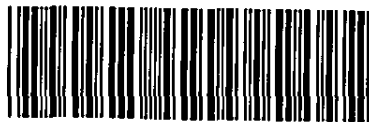


**Company Registration Number: 5532104**

**CUMBERNAULD FUNDING NO. 3 PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2007**

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**CUMBERNAULD FUNDING NO. 3 PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2007**

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## **CUMBERNAULD FUNDING NO. 3 PLC**

### **OFFICERS AND PROFESSIONAL ADVISERS**

<b>Directors</b>	Mr M H Filer Mr J C Schroeder Wilmington Trust SP Services (London) Limited
<b>Company secretary</b>	Wilmington Trust SP Services (London) Limited
<b>Company number</b>	5532104
<b>Registered office</b>	c/o Wilmington Trust SP Services (London) Limited 5 <sup>th</sup> Floor 6 Broad Street Place London EC2M 7JH
<b>Auditors</b>	Deloitte & Touche LLP London
<b>Bankers</b>	HSBC Bank Plc 8 Canada Square London E14 5HQ

# **CUMBERNAULD FUNDING NO. 3 PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 NOVEMBER 2007**

The directors present their report and the financial statements of the company for the year ended 30 November 2007

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

On 30 January 2006, the company issued £600 million fixed rate notes ('Class A notes') due for repayment in August 2014. The company used the funds to invest in fixed rate loan notes issued by Cumbernauld Balance Growth Issuer Limited ('Class A Loan notes').

The principal activity of the company is the collection of interest and principal on the Class A Loan notes for use in servicing the Class A notes in issue. No significant change in the company's principal business activity is expected.

The key performance indicator of the business is considered to be the return before tax, achieved from the investment of funds raised from the Class A notes. The company achieved a return of 0.01% for the year ended 30 November 2007. At the year end, the company had net assets of £92,927 (2006: £46,756).

#### **RESULTS AND DIVIDENDS**

The results for the year and the company's financial position at the year end are shown in the attached financial statements. The profit on ordinary activities after taxation for the year was £46,171 (2006: £34,254). The directors have not recommended the payment of a dividend.

#### **THE DIRECTORS OF THE COMPANY**

The directors, who served the company throughout the year except where noted, were as follows:

Mr R G Baker	(resigned 28 February 2008)
Mr M H Filer	
Mr J C Schroeder	(appointed 28 February 2008)
Wilmington Trust SP Services (London) Limited	

Wilmington Trust SP Services (London) Limited's share holding in the company is as nominee for the ultimate parent company, Cumbernauld Funding Holdings Limited.

The company is a subsidiary of Cumbernauld Funding Holdings Limited, of which Wilmington Trust SP Services (London) Limited is a director.

Under a Corporate Services Agreement, Wilmington Trust SP Services (London) Limited was contracted to receive fees for the provision of corporate services as disclosed in note 11.

None of the other directors received any remuneration for their services to the company.

#### **FINANCIAL INSTRUMENTS**

The Company's financial instruments comprise the investments, cash and cash equivalents, interest-bearing borrowings and various receivables and payables that arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments is undertaken.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing these and the other risks arising on the Company's financial instruments and they are disclosed in note 10.

# **CUMBERNAULD FUNDING NO. 3 PLC**

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

### **FOR THE YEAR ENDED 30 NOVEMBER 2007**

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

In the case of each of the persons who are directors of the company at the date when this report was approved

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- Each of the directors 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 (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

#### **CREDITOR PAYMENT POLICY**

The Company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the noteholders. Principal and interest are repaid on the due dates in accordance with the agreements in place.

#### **AUDITORS**

Deloitte & Touche LLP were appointed as auditors to the company by the directors and in accordance with section 385 of the Companies Act 1985. A resolution proposing that they be re-appointed as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board



**Sunil Masson**  
**Authorised Signatory**

**On behalf of Wilmington Trust SP Services (London) Limited**

**Director**

**Date; 27 June 2008**

## **CUMBERNAULD FUNDING NO. 3 PLC**

### **FOR THE YEAR ENDED 30 NOVEMBER 2007**

#### **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 year.

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUMBERNAULD FUNDING NO. 3 PLC**

We have audited the financial statements of Cumbernauld Funding No 3 Plc for the year ended 30 November 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its profit for the year ended 30 November 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte & Touche LLP*  
**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
Date 27 June 2008

# CUMBERNAULD FUNDING NO. 3 PLC

## PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED 30 NOVEMBER 2007

		1 December 2006 to 30 November 2007	9 August 2005 to 30 November 2006
	Notes	£	£
Turnover	1	92,310	76,899
Administrative expenses		<u>(28,490)</u>	<u>(28,301)</u>
Operating profit	4	63,820	48,598
Interest receivable	1,2	27,302,027	22,809,048
Interest payable	3	<u>(27,299,888)</u>	<u>(22,808,712)</u>
Profit on ordinary activities before taxation		65,959	48,934
Tax on profit on ordinary activities	5	<u>(19,788)</u>	<u>(14,680)</u>
Profit after taxation and retained profit for the financial year/period	13	<u>46,171</u>	<u>34,254</u>

All operations were continuing in the current year

The company has no recognised gains or losses other than the results for the current year as set out above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 14 form an integral part of these financial statements

# CUMBERNAULD FUNDING NO. 3 PLC

## BALANCE SHEET

AS AT 30 NOVEMBER 2007

	Notes	2007	2007	2006	2006
				£	£
<b>Fixed assets</b>					
Investments	6		<u>601,196,712</u>		<u>601,196,712</u>
<b>Current assets</b>					
Trade and other receivables	7	52,060		31,512	
Cash at bank and in hand		<u>123,145</u>		<u>59,978</u>	
<b>Total current assets</b>			<b>175,205</b>	<b>91,490</b>	
<b>Creditors: amounts falling due within one year</b>	8		<u>(82,278)</u>	<u>(44,734)</u>	
<b>Net current assets</b>			<u><b>92,927</b></u>		<u><b>46,756</b></u>
<b>Total assets less current liabilities</b>			<b>601,289,639</b>		<b>601,243,468</b>
<b>Creditors: amounts falling due after more than one year</b>	9		<u><b>(601,196,712)</b></u>		<u><b>(601,196,712)</b></u>
<b>Net assets</b>			<u><u><b>92,927</b></u></u>		<u><u><b>46,756</b></u></u>
<b>Capital and reserves</b>					
Called up equity share capital	12		<b>12,502</b>		<b>12,502</b>
Profit and loss account	13		<u><b>80,425</b></u>		<u><b>34,254</b></u>
<b>Equity shareholders' funds</b>	14		<u><u><b>92,927</b></u></u>		<u><u><b>46,756</b></u></u>

The financial statements were approved by the directors on 27 June 2008 and are signed on their behalf by



**Sunil Masson**  
**Authorised Signatory**

On behalf of Wilmington Trust SP Services (London) Limited  
Director

The notes on pages 8 to 14 form an integral part of these financial statements

# **CUMBERNAULD FUNDING NO. 3 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 NOVEMBER 2007**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom company law and accounting standards

##### **Turnover**

Turnover represents income for reimbursement of expenses of the company and other fees receivable from the issuer of the Class A loan notes. Turnover is calculated on an accruals basis

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

Interest receivable and payable are accounted for under the effective interest method

##### **Investments**

Fixed asset investments are stated at amortised cost. Fixed asset investments are represented by loan notes acquired by the company

##### **Taxation**

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

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

##### **Interest-bearing loans**

Interest-bearing loans ("notes") are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

##### **Embedded derivatives**

Certain derivatives are embedded within other non-derivative host financial instruments to create a hybrid instrument. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the income statement. Depending on the classification of the host instrument, the host is then measured in accordance with FRS 26 'Financial Instruments Measurement'

# CUMBERNAULD FUNDING NO. 3 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 NOVEMBER 2007

#### 1. ACCOUNTING POLICIES (continued)

##### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a cash flow statement

##### Functional currency

As the company's functional currency and reporting currency are primarily Pound Sterling, the financial statements have been prepared using Sterling

##### Segmental reporting

The principal asset of the Group is the investment in Class A Loan notes originated in the United Kingdom. The directors do not consider it necessary to provide a further analysis of the results of the Company from those already disclosed in these financial statements

##### Offsetting financial assets and financial liabilities

Where there is a legal enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset/liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented on the balance sheet

#### 2 INTEREST RECEIVABLE

	1 December 2006 to 30 November 2007	9 August 2005 to 30 November 2006
	£	£
Interest on Class A Loan notes	27,299,888	22,808,712
Bank interest received	2,139	336
	<u>27,302,027</u>	<u>22,809,048</u>

#### 3. INTEREST PAYABLE

	1 December 2006 to 30 November 2007	9 August 2005 to 30 November 2006
	£	£
Interest on Class A notes	27,299,888	22,808,712
	<u>27,299,888</u>	<u>22,808,712</u>

Interest payable and similar charges represent amounts payable by the company in connection with financing the notes issued by the company, including interest costs

#### 4. OPERATING PROFIT

	1 December 2006 to 30 November 2007	9 August 2005 to 30 November 2006
	£	£
Operating profit is stated after charging		
Fees payable to the company's auditors for the audit of the company's annual accounts	16,450	12,338
	<u>16,450</u>	<u>12,338</u>

The company has no employees and the directors received no remuneration during the year for their services to the company except as set out in note 11

# CUMBERNAULD FUNDING NO. 3 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 NOVEMBER 2007

#### 5 TAXATION

##### (a) Analysis of charge for the year/period

	1 December 2006 to 30 November 2007 £	9 August 2005 to 30 November 2006 £
Current tax		
UK Corporation tax	<u>19,788</u>	<u>14,680</u>
Total current tax	<u>19,788</u>	<u>14,680</u>

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

	1 December 2006 to 30 November 2007 £	9 August 2005 to 30 November 2006 £
Profit on ordinary activities before taxation	<u>65,959</u>	<u>48,934</u>
Profit on ordinary activities at standard rate of corporation tax of 30%	<u>19,788</u>	<u>14,680</u>
Total current tax (note 5(a))	<u>19,788</u>	<u>14,680</u>

#### 6. FIXED ASSET INVESTMENTS

	Unlisted investments 2007 £	Unlisted investments 2006 £
Cost		
At 9 August 2005	600,000,000	-
Additions	-	600,000,000
At 30 November 2006	600,000,000	600,000,000
Interest receivable	<u>1,196,712</u>	<u>1,196,712</u>
Amortised cost at 30 November 2006	<u>601,196,712</u>	<u>601,196,712</u>
Net book value at 30 November 2006	<u>601,196,712</u>	<u>601,196,712</u>

Fixed asset investments consist of fixed rate loan notes issued by the Cumbernauld Balance Growth Issuer Limited. The loan notes are secured against credit card receivables held by HSBC Trustee (C I) Limited, as security trustee under the terms of a Security Trust Deed.

#### 7. TRADE AND OTHER RECEIVABLES

	2007 £	2006 £
Amounts falling due within one year		
Prepayments and accrued income	<u>52,060</u>	<u>31,512</u>

The directors consider that the carrying value of trade and other receivables approximate their fair value.

#### 8 CREDITORS Amounts falling due within one year

	2007 £	2006 £
Corporation tax	19,668	14,680
Accruals and deferred income	<u>62,610</u>	<u>30,054</u>
	<u>82,278</u>	<u>44,734</u>

# CUMBERNAULD FUNDING NO. 3 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 NOVEMBER 2007

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

The following sterling notes are secured on the assets of the company

	2007	2006
	£	£
Notes rate as at 1 December	601,196,712	
Fixed rate notes issued during period	-	601,196,712
Notes as at 30 November	<u>601,196,712</u>	<u>601,196,712</u>

Interest is payable at a fixed rate of 4.55% on the loan notes, which is equal to the weighted average interest rate of the corresponding fixed asset investment, as described in note 6. The loan notes will mature in August 2014 but will be subject to earlier mandatory or optional redemption under certain specified circumstances.

#### Loan maturity analysis

	2007	2006
	£	£
Wholly repayable after more than five years	601,196,712	601,196,712
	<u>601,196,712</u>	<u>601,196,712</u>

The loan notes are denominated in the following currencies

	2007	2006
	£	£
Sterling	601,196,712	601,196,712
	<u>601,196,712</u>	<u>601,196,712</u>

#### 10. FINANCIAL RISK MANAGEMENT

The company's financial instruments, comprise borrowings, cash balances and debtors and creditors, that arise directly from its operations. The company has entered into transactions which consist principally of loan notes.

The risks arising from the company's activities are credit risk, liquidity risk, and interest rate risk. The Board reviews and agrees policies for managing each of these risks which are noted below.

##### Currency risk

All of the Company's assets and liabilities are denominated in pound Sterling and therefore there is no foreign currency risk.

##### Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

##### Credit risk

Credit risk arises where the borrower will not be able to meet their obligations as they fall due. The Class A loan notes are secured against credit card receivables held by HSBC Trustee (CI) Limited, as security trustee under the terms of a Security Trust Deed. The most significant concentration of credit risk is considered to be the Class A loan notes. At 30 November 2007, the principal amount outstanding was £600,000,000. The maximum exposure to credit risk is represented by the carrying amount of the investment.

# CUMBERNAULD FUNDING NO. 3 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 NOVEMBER 2007

#### 10. FINANCIAL RISK MANAGEMENT (continued)

##### Liquidity risk

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

The company has matched the value of the notes issued with the fixed rate loan notes invested in. At the year end the entire portfolio of fixed rate notes issued was covered by assets whose maturity date did not exceed that of the notes issued.

##### Categories of financial instruments

The following table provides a comparison of book values and fair values of the company's financial assets and liabilities at 30 November 2007. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine the fair values.

Financial assets at fair value through profit or loss:	Carrying Value 2007 £	Fair Value 2007 £	Carrying Value 2006 £	Fair Value 2006 £
Investments	601,196,712	564,180,000	601,196,712	585,434,712
Prepayments and accrued income	52,060	52,060	31,512	31,512
Cash and cash equivalents	123,145	123,145	59,978	59,978
	<u>601,371,917</u>	<u>564,232,060</u>	<u>601,288,202</u>	<u>585,526,202</u>

##### Financial liabilities at fair value through profit or loss:

	Carrying Value 2007 £	Fair Value 2007 £	Carrying Value 2006 £	Fair Value 2006 £
Fixed rate loan notes	601,196,712	564,180,000	601,196,712	585,434,712
Trade and other payables	62,610	62,610	30,054	30,054
Current tax liability	19,668	19,668	14,680	14,680
	<u>601,278,990</u>	<u>564,262,278</u>	<u>601,241,446</u>	<u>585,479,446</u>

##### Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 30 November 2007 and the periods in which they reprice.

At November 2007	Effective interest rate (%)	Total	In less than 3 months	More than 5 years	Non interest-bearing
Assets	(%)	£	£	£	£
Investments	4.55	601,196,712	-	600,000,000	1,196,712
Prepayments and accrued income	-	52,060	-	-	52,060
Cash and cash equivalents	-	123,145	123,145	-	-
		<u>601,371,917</u>	<u>123,145</u>	<u>600,000,000</u>	<u>1,248,772</u>

Liabilities	Effective interest rate (%)	Total	In less than 3 months	More than 5 years	Non interest-bearing
Loan notes	4.55	601,196,712	-	600,000,000	1,196,712
Trade and other payables	-	62,610	-	-	62,610
Current tax liability	-	19,668	-	-	19,668
		<u>601,278,990</u>	<u>-</u>	<u>600,000,000</u>	<u>1,278,990</u>

# CUMBERNAULD FUNDING NO. 3 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 NOVEMBER 2007

#### 10. FINANCIAL RISK MANAGEMENT (continued)

At November 2006	Effective interest rate (%)	Total £	In less than 3 months £	More than 5 years £	Non interest - bearing £
<b>Assets</b>					
Investments	4.55	601,196,712	-	600,000,000	1,196,712
Prepayments and accrued income	-	31,512	-	-	31,512
Cash and cash equivalents	-	59,978	59,978	-	-
		<u>601,288,202</u>	<u>59,978</u>	<u>600,000,000</u>	<u>1,228,224</u>
<b>Liabilities</b>					
Loan notes	4.55	601,196,712	-	600,000,000	1,196,712
Trade and other payables	-	30,054	-	-	30,054
Current tax liability	-	14,680	-	-	14,680
		<u>601,241,446</u>	<u>-</u>	<u>600,000,000</u>	<u>1,241,446</u>

#### Embedded derivatives

In accordance with FRS 25 'Financial instruments: Presentation and disclosure', the company has reviewed all investments contracts and loan note terms for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. In relation to the Class A notes the company has the ability to redeem the Class A notes in full or part at their then principal amount outstanding, together with interest accrued to the date of redemption, on any interest payment date. The company effectively has a call option on the Class A notes exercisable on certain dates. The option constitutes an embedded derivative, however, as this is closely related to the underlying host contract (the loan notes) as set out in FRS 25, the option does not require separation.

A similar hybrid instrument arises on the investment whereby the company has effectively sold a put option on the Class A loan notes exercisable on certain dates. As this option is considered to be closely related to the underlying host contract, it does not require separation.

#### 11. RELATED PARTY TRANSACTIONS

During the year Wilmington Trust SP Services (London) Limited, a director of the company, received £7,728 (2006 £11,851) for corporate services provided to the company and £4,113 (2006 £4,113) in respect of accountancy services under the terms of a Corporate Services Agreement. No other director received any remuneration for their services to the company. In respect of payments to Wilmington Trust SP Services (London) Limited at 30 November 2006, 8,225 (2006 £4,113) was outstanding and is disclosed under Creditors' amounts falling due within one year and £1,742 (2006 £1,753) was prepaid and is disclosed under Debtors' amounts falling due within one year.

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Cumbernauld Funding Holdings Limited Group.

# CUMBERNAULD FUNDING NO. 3 PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 NOVEMBER 2006

#### 12. CALLED UP SHARE CAPITAL

##### Authorised share capital:

	2007	2006
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

##### Allotted, called up and partly paid:

	2007	2006
	£	£
At 1 December	12,502	-
Ordinary shares issued during period	<u>-</u>	<u>12,502</u>
At 30 November	<u>12,502</u>	<u>12,502</u>

The company issued 2 ordinary £1 shares for cash at par on the date of incorporation On 7 September 2005 the company issued a further 49,998 ordinary £1 shares (25 pence paid) for cash

#### 13. RECONCILIATION OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
At the start of the year/period	34,254	-
Retained profit for the financial year	<u>46,171</u>	<u>34,254</u>
At the end of the year/period	<u>80,425</u>	<u>34,254</u>

#### 14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Retained profit for the financial year/period	46,171	34,254
New equity share capital subscribed	<u>-</u>	<u>12,502</u>
Net addition to equity shareholders' funds	<u>46,171</u>	<u>46,756</u>
Opening equity shareholders' funds	<u>46,756</u>	-
Closing equity shareholders' funds	<u>92,927</u>	<u>46,756</u>

#### 15. EMPLOYEES

There were no employees during the year, the company having contracted for the provision of services under a Corporate Services Agreement

#### 16. ULTIMATE PARENT COMPANY

The immediate parent company is Cumbernauld Funding Holdings Limited, a company registered in England and Wales The smallest and largest group into which the company is consolidated is that of Cumbernauld Funding Holdings Limited

The shares in Cumbernauld Funding Holdings Limited are held under a declaration of trust for charitable purposes The directors regard Cumbernauld Funding Holdings Limited as the ultimate parent and controlling undertaking

Copies of the consolidated financial statements may be obtained from Cumbernauld Funding Holdings Limited, c/o Wilmington Trust SP Services (London) Limited, 5<sup>th</sup> Floor, 6 Broad Street Place, London, EC2M 7JH