

Company Registration No. 05718481

Gresham Receivables (No. 11) UK Limited

Report and Financial Statements

31 December 2008

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Gresham Receivables (No. 11) UK Limited

Report and financial statements 2008

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Gresham Receivables (No. 11) UK Limited

Report and financial statements 2008

Officers and professional advisers

Directors

Mark Filer
Robin Baker (resigned 28 February 2008)
Jean Christophe Schroeder (appointed 28 February 2008)
Wilmington Trust SP Services (London) Limited

Secretary

Wilmington Trust SP Services (London) Limited

Bankers

The Bank of New York Mellon
One Canada Square
London
E14 5AL

Registered Office

C/O Wilmington Trust SP Services (London) Limited
Fifth Floor
6 Broad Street Place
London
EC2M 7JH

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

Gresham Receivables (No. 11) UK Limited

Directors' report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities and review of the business

Gresham Receivables (No.11) UK Limited ("the Company"), a limited liability company, was formed on 22 February 2006. The Company is a special purpose vehicle sponsored by Lloyds TSB Bank plc which purchases investments backed by eligible receivables. These are funded through borrowings from Cancara Asset Securitisation Limited. The borrowings are collateralised by the purchased assets.

Shortly after formation, the Company entered into several agreements including an Administration Agreement and a Commissioning Agreement. Pursuant to the original agreements and subsequent amendments, the Company engaged Lloyds TSB Bank plc to provide administration, structuring, documenting, monitoring and surveillance services. Lloyds TSB Bank plc are compensated as Administration Agent. Wilmington Trust SP Services (London) Limited provides corporate administration services to the Company pursuant to a corporate services agreement, for which it receives compensation.

The Company benefits from limited recourse and bankruptcy remote (non-petition) provisions such that the Company's obligations are limited to the extent of funds available to it from time to time for such purpose.

Future prospects

The Administration Agent has actively continued to identify new customers and new products in the asset backed securities market.

Since August 2007 volatility in the credit markets has created periods when the liquidity environment in the money markets has been challenging. Despite this the Company has continued to obtain funding from Cancara Asset Securitisation Limited, which itself has continued to fund through the issue of Commercial Paper.

In 2007 the receivable transaction previously funded by the Company was fully repaid. The Company did not hold any investments at year-end 31 December 2008. The Company is suitable for future receivables transactions and a couple of relevant deals are in the pipeline.

Dividends and transfers to reserves

The result for the period was \$nil (2007: \$2,006). The directors propose the payment of a final dividend of \$nil (2007: \$2,006).

Directors and their interests

The following directors held office throughout the period, except as noted:

Mark Filer

Robin Baker (resigned 28 February 2008)

Jean Christophe Schroeder (appointed 28 February 2008)

Wilmington Trust SP Services (London) Limited

Gresham Receivables (No. 11) UK Limited

Directors' report

Auditors


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information 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.

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP will be the auditors of the Company for the forthcoming financial year under the provisions of section 386(2) of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board



Wilmington Trust SP Services (London) Limited
Company Secretary
27 October 2009

Gresham Receivables (No. 11) UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which 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 and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the company for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

Independent auditors' report to the members of Gresham Receivables (No. 11) UK Limited

We have audited the financial statements of Gresham Receivables (No. 11) UK Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement, and the related notes 1 to 17. 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 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 consider the implications for our report if we become aware of any apparent misstatements within it.

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 31 December 2008 and of its result for the year then ended;
- 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 LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

27 October 2009

Gresham Receivables (No. 11) UK Limited

Profit and loss account Year ended 31 December 2008

	Notes	2008 \$	2007 \$
Turnover			
Interest receivable	1	-	5,127,998
Other income		263	1,035,383
		<u>263</u>	<u>6,163,381</u>
Operating costs			
Interest expense		-	(4,972,135)
Administration expenses		(5,151)	(1,204,262)
		<u>(5,151)</u>	<u>(6,176,397)</u>
Operating loss	4	(4,888)	(13,016)
Other interest receivable and similar income	5	1,849	657
Foreign exchange gain		3,039	15,266
		<u>4,888</u>	<u>15,923</u>
Profit on ordinary activities before taxation		-	2,907
Tax on profit on ordinary activities	13	-	(901)
		<u>-</u>	<u>(901)</u>
Profit on ordinary activities after taxation and profit for the financial year		<u>-</u>	<u>2,006</u>

All of the amounts above are in respect of continuing operations. There are no recognised gains or losses for the current year or prior period other than as stated above, therefore a statement of recognised gains and losses has not been presented.

The accompanying notes on pages 10 to 16 form an integral part of this profit and loss account.

Gresham Receivables (No. 11) UK Limited

Balance sheet As at 31 December 2008

	Notes	2008 \$	2007 \$
Current assets			
Debtors	6	196,848	218,599
Cash at bank and in hand		44,790	60,974
		<u>241,638</u>	<u>279,573</u>
Creditors: amounts falling due within one year			
Other creditors	7	(239,630)	(275,606)
		<u>(239,630)</u>	<u>(275,606)</u>
Total assets less current liabilities		<u>2,008</u>	<u>3,967</u>
Net assets		<u>2,008</u>	<u>3,967</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	2,006	3,965
		<u>2,008</u>	<u>3,967</u>
Shareholders' funds: equity interests		<u>2,008</u>	<u>3,967</u>

These financial statements were approved and authorised for issue by the Board of Directors on 27 October 2009.

Signed on behalf of the Board of Directors

Director



The accompanying notes on pages 10 to 16 form an integral part of this balance sheet.

Gresham Receivables (No. 11) UK Limited

Reconciliation of movements in shareholders' funds Year ended 31 December 2008

	2008	2007
	\$	\$
As at 1 January	3,967	1,961
Dividends	(1,959)	-
Profit for the financial year	-	2,006
As at 31 December	<u>2,008</u>	<u>3,967</u>

Gresham Receivables (No. 11) UK Limited

Cash flow statement Year ended 31 December 2008

	Notes	2008 \$	2007 \$
Net cash (outflow)/inflow from operating activities	8	(16,073)	129,370
Returns on investments and servicing of finance	9	1,848	696
Capital expenditure and financial investment	9	-	125,092,512
Cash (outflow)/inflow before financing		<u>(14,225)</u>	<u>125,222,578</u>
Financing			
Decrease in short-term borrowing	10	-	(125,180,919)
Dividends paid		<u>(1,959)</u>	<u>-</u>
(Decrease)/increase in cash in the year	10	<u>(16,184)</u>	<u>41,659</u>
Net cash at the start of the year		<u>60,974</u>	<u>19,315</u>
Net cash at the end of the year		<u><u>44,790</u></u>	<u><u>60,974</u></u>

The accompanying notes on pages 10 to 16 form an integral part of this cash flow statement.

Gresham Receivables (No. 11) UK Limited

Notes to the accounts

Year ended 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and in accordance with applicable United Kingdom law. Specific accounting policies adopted by the Company are set out below, and they have been consistently adopted in the current period.

The financial statements are presented in US Dollars being the Company's functional currency.

Going concern basis

The financial statements have been prepared on a going concern basis. The Company is funded through short-term loans from Cancara Asset Securitisation Limited, which is in turn funded by the commercial paper market. However the Company has a committed limited recourse liquidity facility with Lloyds TSB Bank plc which can be drawn down in the event that Cancara Asset Securitisation Limited is unable to issue commercial paper and therefore provide funding for the Company. Whilst the liquidity facility is a 364-day facility, in the event that Lloyds TSB Bank plc did not renew its commitment, the available facility amount could be drawn in full by the Company to ensure it remains in a position to meet its obligations under the transaction. Under the terms of the liquidity facility agreement, the company is only obliged to repay the drawn down amount from the facility to Lloyds TSB Bank plc to the extent that it has funds available for such purpose.

In 2007 the main receivable transaction previously funded by the Company was repaid. The Company is suitable for future receivables transactions and a couple of relevant deals are in the pipeline.

As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Presentation of profit and loss account

Due to the fact that the nature of the business is to purchase eligible receivables, the Directors are of the opinion that it is more appropriate to use interest receivable rather than turnover in presenting the profit and loss account.

Interest receivable

Interest receivable is comprised finance charges on the eligible receivables purchased by the Company, discount amortisation on eligible receivables and fees due from originators. Interest receivable is accounted for on an accruals basis. All interest income originates from Ireland.

Interest payable

Interest payable relates to interest payable on short term borrowings received from Cancara Asset Securitisation Limited. Interest payable is accounted for on an accruals basis.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not realised 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 periods different from those in which they are recognised in the financial statements.

Gresham Receivables (No. 11) UK Limited

Notes to the accounts

Year ended 31 December 2008

1. Accounting policies (continued)

Foreign currency translation

The functional currency of the Company is the US Dollar. Transactions denominated in foreign currencies are translated into US Dollars at the exchange rates ruling on the date of the transactions. Monetary and hedged assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates of exchange ruling at that date or contracted rates where appropriate and movements are taken to the profit and loss account. Non-monetary items are held at historic cost translated into US Dollars at the exchange rate ruling on the date of the transaction.

Investments

Eligible receivables purchased by the Company are recorded at their capital value in the balance sheet, less provision for any impairment.

Short-term borrowings

Short-term borrowings are initially stated at the amount of proceeds. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

2. Directors' emoluments

None of the directors had any material interest in any contract of significance in relation to the business of the Company and none of the directors received any direct emoluments for his services in the current or prior year.

3. Employees

During the current and prior years the Company had no employees. The Company has outsourced the purchase, administration and disposal of receivables and the operations connected with the funding of those interests to a third party, on an arm's length basis.

4. Operating profit

Operating profit is stated after charging:

	2008	2007
	\$	\$
Amounts paid to auditors:		
- audit of the Company's accounts	13,027	8,087

5. Other interest receivable and similar income

	2008	2007
	\$	\$
Bank interest receivable	1,848	657

Gresham Receivables (No. 11) UK Limited

Notes to the accounts Year ended 31 December 2008

6. Debtors

	2008 \$	2007 \$
Other debtors	<u>196,848</u>	<u>218,599</u>

7. Other creditors

	2008 \$	2007 \$
Accrued expenses	239,630	274,705
Tax payable	<u>-</u>	<u>901</u>
	<u>239,630</u>	<u>275,606</u>

8. Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2008 \$	2007 \$
Operating loss	(4,887)	(13,016)
Decrease/(increase) in debtors	21,751	(62,934)
(Decrease)/increase in creditors	(35,976)	190,055
Foreign exchange gain	<u>3,039</u>	<u>15,265</u>
Net cash (outflow)/inflow from operating activities	<u>(16,073)</u>	<u>129,370</u>

9. Analysis of cash flows

	2008 \$	2007 \$
Returns on investments and servicing of finance		
Interest received	<u>1,848</u>	<u>696</u>
Net cash inflow	<u>1,848</u>	<u>696</u>
Capital expenditure		
Redemption of investments	<u>-</u>	<u>125,092,512</u>
Net cash inflow	<u>-</u>	<u>125,092,512</u>
Financing		
Decrease in short-term borrowings	<u>-</u>	<u>(125,180,919)</u>
Net cash inflow	<u>-</u>	<u>(125,180,919)</u>

Gresham Receivables (No. 11) UK Limited

Notes to the accounts

Year ended 31 December 2008

10. Analysis of change in net debt and reconciliation of net cash flow to movements in net debt

	31 December 2008 \$	Cash flow \$	31 December 2008 \$
Cash in hand and at bank	60,974	(16,184)	44,790
Debt due within one year	-	-	-
Net debt	<u>60,974</u>	<u>(16,184)</u>	<u>44,790</u>

11. Called up share capital

	2008 \$	2007 \$
Authorised		
1 ordinary shares of £1	<u>2</u>	<u>2</u>
Allotted, called-up and fully paid		
1 ordinary shares of £1	<u>2</u>	<u>2</u>

12. Profit and loss account

	2008 \$	2007 \$
As at 1 January	3,965	1,959
Dividends	(1,959)	-
Profit for the financial year/period	<u>-</u>	<u>2,006</u>
As at 31 December	<u>2,006</u>	<u>3,965</u>

13. Tax on profit on ordinary activities

	2008 \$	2007 \$
Profit before tax	-	2,907
Tax at the UK corporation tax rate of 21% (2007: 20%)	-	581
Effect of change in tax rate	-	(7)
Prior year adjustment	-	327
Current tax charge for year ended 31 December 2008	<u>-</u>	<u>901</u>

Gresham Receivables (No. 11) UK Limited

Notes to the accounts Year ended 31 December 2008

14. Financial instruments

Until the redemption of the investment held in the year, the Company's financial instruments comprised principally of amounts due from investments. Cash, accrued interest income, accrued interest payable and other items arise directly from the Company's operations.

It is, and has been throughout the current period, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk. The board reviews and agrees policies for managing each of those risks and these are summarised below. These policies have remained unchanged since the Company commenced operations.

(a) Credit risk

The credit risk faced by the Company is that the receivables acquired by the Company will default, thereby impairing the Company's ability to meet its obligations under short term borrowings. The default risk is reduced through a combination of over-collateralisation measures and the imposition of transaction triggers.

(b) Interest rate risk

The Company financed its operations through the borrowings from Cancara Asset Securitisation Limited which, in turn, funds itself by the issue of commercial paper. During the year, all of the Company's borrowings and assets were at floating rates. The financial instruments earn interest based on the funding cost, either Libor or Euribor.

(c) Currency risk

The functional currency of the Company is the US Dollar. The Company provides asset securitisation financing to companies operating in OECD countries. These eligible receivables are denominated in the currencies of the customers involved.

The Company's policy is to minimise all currency exposures on transactions. This is achieved through matching assets and liabilities denominated in currencies other than the US Dollar in order to reduce the net exposure to movements in foreign exchange rates. As at 31 December 2008, after taking into account the effects of offsetting foreign exchange transactions and balances, the Company has no significant currency exposures.

(d) Liquidity risk

Funding was obtained through advances from Cancara Asset Securitisation Limited. Repayments on the advances to Cancara Asset Securitisation Limited were dependent on cash receipts from the assets. The Company also has a liquidity facility which can be drawn upon should there be any timing gaps on the availability of funding.

Gresham Receivables (No. 11) UK Limited

Notes to the accounts Year ended 31 December 2008

14. Financial instruments (continued)

(e) Maturity of financial assets and liabilities

The maturity profile of the Company's financial assets was as follows:

	2008 \$	2007 \$
In one year or less, or on demand	-	-

The maturity profile of the Company's financial liabilities was as follows:

	2008 \$	2007 \$
In one year or less, or on demand, dependent on cash receipts from the assets	-	-

(f) Fair values

Set out below is a comparison of book and fair values of the Company's financial assets and liabilities.

Primary financial assets and liabilities held or issued to finance the Company's operations

	2008		2007	
	Book value \$	Fair value \$	Book value \$	Fair value \$
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-

15. Ultimate controlling party

The shares in the Company are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes. Lloyds Banking Group plc has no direct equity ownership interest in the Company. However, Lloyds Banking Group plc prepares its financial statements in accordance with International Financial Reporting Standards. Lloyds Banking Group plc considers the Company to be a subsidiary under International Financial Reporting Standards and the results of the Company are included in the consolidated financial statements of Lloyds Banking Group plc. Thus, Lloyds Banking Group plc is considered to be the ultimate parent company and the largest and smallest group of undertakings in which the Company is consolidated. These financial statements are available from the company secretary's office, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

16. Related party transactions

The company has taken advantage of the exemption provided in paragraph 3 (c) of FRS 8, "Related party disclosures", not to disclose transactions between group entities in the Lloyds TSB Group plc group.

Corporate administration services are provided to the Company by Wilmington Trust SP Services (London) Limited. The directors' fees are included in the corporate administration services fee of \$10,497 (2007: \$21,507).

Gresham Receivables (No. 11) UK Limited

Notes to the accounts

Year ended 31 December 2008

17. Events after the balance sheet date

During 2009 volatility in the credit markets has created periods when the liquidity environment in the money markets has been challenging. Despite this the Company has continued to obtain funding from Cancara Asset Securitisation Limited, which itself has continued to fund through the issue of Commercial Paper. The Company also has a liquidity facility with Lloyds TSB Bank plc which can be drawn down in the event that Cancara Asset Securitisation Limited is unable to issue commercial paper and therefore provide funding for the Company.

On 6 March 2009 Standard & Poor's Ratings Services reduced the short-term counterparty credit rating of Lloyds TSB Bank plc to A-1 from A-1+ and the long-term counterparty credit and senior unsecured ratings of Lloyds TSB Bank plc to A+ from AA-.

Lloyds TSB Bank plc acts in various capacities under the programme documents including as the Overdraft Bank, the LOC Issuer, the Issuer Liquidity Bank, a Purchaser Liquidity Bank and a Hedge Counterparty. On 12 March 2009, Lloyds TSB Bank plc, Cancara Asset Securitisation Limited and the Company inter alios entered into a programme amendment to reflect the change to the short term rating of Lloyds TSB Bank. Rating affirmations from Standard & Poor's and Moody's were obtained that the rating of the commercial paper notes remained rated A-1/P-1 after the amendment.