

**Company Registration Number 06105060**

**DECO 12 - UK 4 HOLDING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **DECO 12 - UK 4 HOLDING LIMITED**

## **ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **DECO 12 - UK 4 HOLDING LIMITED**

## **COMPANY INFORMATION**

### **The board of directors**

Mr Graham Cox  
Mr Graham Hodgkin

### **Company secretary**

Sunil Masson

### **Registered office**

c/o Deutsche Bank AG, London Branch  
Winchester House  
Mailstop 428  
1 Great Winchester Street  
London  
EC2N 2 DB  
United Kingdom

## **DECO 12 - UK 4 HOLDING LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the unaudited financial statements of Deco 12 - UK 4 Holding Limited (the "Company") for the year ended 31 December 2016.

#### **PRINCIPAL ACTIVITIES**

The Company was incorporated as a private company with limited liability on 14 February 2007 under the laws of England and Wales. The Company's principal activity is to hold an investment in Deco 12 - UK 4 Plc and hold the Post-Enforcement Call Option and other similar options granted in respect of securities granted by other issuers.

Deco 12 - UK 4 Plc is a special purpose company established in order to issue loan notes due January 2020 (the "loan notes"), to acquire the beneficial interest in a mortgage portfolio from Deutsche Bank AG, London Branch, ("the mortgage loans"), to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 9 March 2007. On 13 March 2007, the Group issued £672,883,707 loan notes in accordance with the Offering Circular.

#### **RESULTS AND PERFORMANCE**

The Company did not have any transactions to report and hence no statement of comprehensive income has been presented.

#### **SUBSEQUENT EVENTS**

There were no material subsequent events.

#### **GOING CONCERN**

The Company's financial statements have been prepared on a going concern basis. The directors have considered and continue to monitor the status of the Company as a going concern.

#### **STRATEGIC REPORT**

As the Company qualifies as a small company under the Companies Act 2006, the Company is exempt from the requirement to prepare the strategic report as permitted by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

#### **KEY PERFORMANCE INDICATORS ('KPIs')**

The Company acts only as a holding company. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### **DIRECTORS**

The directors who served the Company during the year were as follows:

Mr Graham Cox  
Mr Graham Hodgkin



..... for and on behalf of Deco 12-UK 4 Holding Limited

Director

Graham Hodgkin  
27/07/2017

## **DECO 12 - UK 4 HOLDING LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

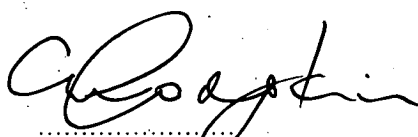
## **DECO 12 - UK 4 HOLDING LIMITED**

### **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

The Company did not trade during the year and received no income and incurred no expenditure. Consequently, during the year the Company made neither a profit nor a loss. The closing balances in the cumulative statement of comprehensive income accordingly remain at GBP Nil.

The Company had no other recognised gains and losses during the year and accordingly no statement of recognised income and expenses is presented.

On behalf of the board



Director Graham Hodgkin

27/07/2017

The notes on pages 7 to 10 form part of these financial statements.

# DECO 12 - UK 4 HOLDING LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

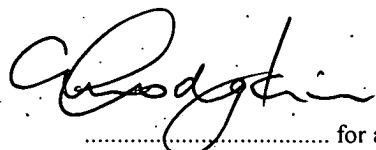
	Notes	2016 £	2015 £
<b>Non-current asset</b>			
Investment in subsidiary	3	<u>12,501</u>	<u>12,501</u>
<b>Current assets</b>			
Cash and cash equivalents		<u>1</u>	<u>1</u>
		1	1
<b>Total assets</b>		<u>12,502</u>	<u>12,502</u>
<b>Equity</b>			
Share capital	4	1	1
Retained profit	4	<u>9,960</u>	<u>9,960</u>
<b>Total equity</b>		<u>9,961</u>	<u>9,961</u>
<b>Current liabilities</b>			
Other creditors		2,541	2,541
Current tax liability		<u>-</u>	<u>-</u>
<b>Total current liabilities</b>		<u>2,541</u>	<u>2,541</u>
<b>Total liabilities</b>		<u>2,541</u>	<u>2,541</u>
<b>Total equity and liabilities</b>		<u>12,502</u>	<u>12,502</u>

For the year ended 31 December 2016, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

### Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts;
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements of Deco 12 - UK 4 Holding Limited, Company registration 06105060, on pages 4 to 10 were approved and authorised for issue by the directors on 27/07/ 2017 and are signed on their behalf by:



..... for and on behalf of Deco 12-UK 4 Holding Limited

Director Graham Hodgkin

The notes on pages 7 to 10 form part of these financial statements.

## **DECO 12 - UK 4 HOLDING LIMITED**

### **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>Cash flows from operating activities</b>		
Profit before tax for the year	<u>-</u>	<u>-</u>
<b>Net cash from operating activities</b>	-	-
<b>Net cash used in investing activities</b>	-	-
<b>Cash flows from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net cash from financing activities</b>	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	<u>1</u>	<u>1</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>1</u></u>	<u><u>1</u></u>

The notes on pages 7 to 10 form part of these financial statements.



## **DECO 12 - UK 4 HOLDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. GENERAL INFORMATION**

The Company was incorporated as a private company with limited liability on 14 February 2007 under the laws of England and Wales. The Company's principal activity is to hold an investment in Deco 12 – UK 4 Plc and hold the Post-Enforcement Call Option and other similar options granted in respect of securities granted by other issuers.

Deco 12 – UK 4 Plc is a special purpose company established in order to issue loan notes due January 2020 (the "loan notes"), to acquire the beneficial interest in a mortgage portfolio from Deutsche Bank AG, London Branch, ("the mortgage loans"), to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 9 March 2007. On 13 March 2007, the Group issued £672,883,707 loan notes in accordance with the Offering Circular.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of preparation**

The financial statements of Deco 12 - UK 4 Holding Limited (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union ("EU"), has also complied with the IFRSs as issued by the International Accounting Standards Board.

These policies have been consistently applied during the current year and previous period unless otherwise stated.

##### **Functional and presentation currency**

The financial statements are presented in pound sterling (GBP), which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in GBP. The directors of the Company believe that GBP most faithfully represents the economic effects of the underlying transactions, events and conditions.

Except as otherwise indicated, all financial information presented in GBP has been rounded to the nearest GBP.

##### **New and amended standards effective and adopted during the year**

All new and amended accounting standards which have become effective for the current year have been adopted but have had no material effect on the reported performance, financial position or disclosures of the Company, therefore these standards have not been listed separately.

##### **New and amended standards issued, not yet effective and not early adopted**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 15 Revenue from Contracts with Customers
- Disclosure initiatives: Amendments to IAS 7: Statement of cash flows
- IFRS 9 Financial Instruments: Classification and measurement
- IFRS 16 Leases

## **DECO 12 - UK 4 HOLDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **New and amended standards issued, not yet effective and not early adopted (Continued)**

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Company in future periods, except for IFRS 9 which will impact both the measurement and disclosures of financial instruments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

##### **Investments in subsidiary**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses.

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash at banks. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

##### **Share capital**

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

##### **Statement of comprehensive income**

The Company has not presented any statement of comprehensive income as there were no transactions to report.

##### **Basis of consolidation**

During the year ended 31 December 2015 and 2016, the directors have reassessed the requirement for the preparation of consolidated financial statements as per IFRS 10, 'Consolidated Financial Statements'.

The objective of IFRS 10 'Consolidated Financial Statements' is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. To meet the objective, this IFRS:

- (a) requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements;
- (b) defines the principle of control, and establishes control as the basis for consolidation;
- (c) sets out how to apply the principle of control to identify whether an investor controls an investee and
- (d) sets out the accounting requirements for the preparation of consolidated financial statements.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the principle of control sets out the following three elements of control:

## DECO 12 - UK 4 HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Basis of consolidation (continued)

IFRS 10 defines 'control' as follows:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from involvement with the investee; and
- (c) the ability to use power over the investee to affect the amount of the investor's returns.

Based on the assessment, it was concluded that the Company do not have power to control its subsidiary Deco 12 – UK 4 Plc. Moreover neither the shareholders nor the director has a variable return over the Company. The directors have therefore concluded that the Company do not need to prepare consolidated financial statements.

##### Directors' emoluments

Directors' emoluments are £nil (2015: £nil) as they are not remunerated for their services.

The Company has no employees (2015: None).

#### 3. INVESTMENT IN SUBSIDIARY

	2016 £	2015 £
At 31 December	<u>12,501</u>	<u>12,501</u>

The shares were purchased at par for cash consideration of £12,501 and the net assets of the subsidiary were £12,501 at this date (comprising only cash on issuance of shares); hence no goodwill arose on acquisition. In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the statement of financial position.

Subsidiary undertakings	Country of incorporation	Class of shares	Holding (%)
Deco 12 - UK 4 Plc	Great Britain	Ordinary	99.98

##### Principal activity

Deco 12 - UK 4 Plc was established as a special purpose vehicle for the sole purpose of issuing commercial mortgage-backed loan notes secured by a pool of commercial mortgages.

#### 4. TOTAL EQUITY

Company	Issued capital £	Retained profit £	Total £
At 1 January 2016	1	9,960	9,961
Profit for the year	-	-	-
Balance at 31 December 2016	<u>1</u>	<u>9,960</u>	<u>9,961</u>

There are 100 authorised ordinary shares of £1 each. The issued share capital comprises one allotted £1 share called up and fully paid at par. Castlewoods CS Holdings Limited holds one fully paid £1 share under a declaration of trust for charitable purposes.

## **DECO 12 - UK 4 HOLDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **5. RELATED PARTY TRANSACTIONS**

Castlewoods CS Holdings Limited holds one fully paid £1 share under a declaration of trust for charitable purposes.

The Company did not have any related party transactions during the year (2015: GBP Nil).

#### **6. ULTIMATE PARENT UNDERTAKING**

Deco 12-UK 4 Holding Limited is a company registered in England and Wales.

Castlewood CS Holdings Limited holds one share in Deco 12 - UK 4 Holding Limited under a declaration of trust for charitable purposes.