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Chester Asset Securitisation Holdings No.2 Limited
Annual report for the year ended
31 December 2012

Registered no 87842

Branch no BR7628



Chester Asset Securitisation Holdings No.2 Limited

Annual report for the year ended 31 December 2012

Contents	Page
General information	1
Directors' report for the year ended 31 December 2012	2
Profit and loss account for the year ended 31 December 2012	4
Balance sheet as at 31 December 2012	5
Cash flow statement for the year ended 31 December 2012	6
Notes to the financial statements for the year ended 31 December 2012	7

Chester Asset Securitisation Holdings No.2 Limited

General information

Directors

J West
M McDermott
M Clarke
D R Fisher

Company secretary and registered office

Bedell Secretaries Limited
26 New Street
St Helier
Jersey
JE2 3RA

Assistant company secretary

Wilmington Trust SP Services (London) Limited
Third Floor
1 King's Arms Yard
London
EC2R 7AF

Chester Asset Securitisation Holdings No.2 Limited

Directors' report for the year ended 31 December 2012

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

Principal activity and review of business

The principal activity of the company is investment holding within a securitisation programme designed to provide long term financing for a portfolio of credit card receivables originated by MBNA Limited (formerly MBNA Europe Bank Limited)

During the year to 31 December 2012 the company's ultimate controlling party was Bank of America Corporation, a company registered in the United States of America

The company made a profit for the financial year of £150,000 (2011 £nil) A dividend totalling £150,000 was declared, approved and paid during the year (2011 £nil)

Future outlook

The directors consider the level of business, the results and future prospects of the company to be satisfactory

Key performance indicators ('KPIs')

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance and position of the business

Principal risks and uncertainties

The directors do not believe there are any significant price risk, credit risk, liquidity risk and cash flow risk due to the nature of the business

Directors

The names of the directors who were in office at the date of signing of the financial statements are shown on page 1

The changes in directors during the year and up to the date of signing of the financial statements are shown below

	Date of appointment	Date of resignation
D R Fisher	15 May 2012	
M Clarke	7 January 2013	
J C Schroeder		15 May 2012
S Masson		7 January 2013

Chester Asset Securitisation Holdings No.2 Limited

Directors' report for the year ended 31 December 2012 (continued)

Statement of directors' responsibilities

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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.

Audit

The company is a private company under the Companies (Jersey) Law 1991 and as such is not required to be audited.

On behalf of the board



J West
Director
21 May 2013

Chester Asset Securitisation Holdings No.2 Limited

Profit and loss account for the year ended 31 December 2012

	Notes	2012 £	2011 £
Income from fixed asset investments		150,000	-
Profit on ordinary activities before taxation		150,000	-
Taxation on profit on ordinary activities		-	-
Profit for the financial year	8,9	150,000	-

The company has no other recognised gains or losses and therefore no separate statement of total recognised gains and losses is presented

All results relate to continuing operations

The notes on pages 7 to 9 are an integral part of these financial statements

Chester Asset Securitisation Holdings No.2 Limited

Balance sheet as at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	6	<u>2</u>	<u>2</u>
Net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	7	<u>2</u>	<u>2</u>
Equity shareholders' funds	9	<u>2</u>	<u>2</u>

The notes on pages 7 to 9 are an integral part of these financial statements

The financial statements were approved by the board of directors on 21 May 2013 and were signed on its behalf by



J West
Director
Chester Asset Securitisation Holdings No 2 Limited
Registered no 87842

Chester Asset Securitisation Holdings No.2 Limited

Cash flow statement for the year ended 31 December 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities		-	-
Dividends received		150,000	-
Equity dividends paid	5	(150,000)	-
Increase in cash		<u>-</u>	<u>-</u>

Cash flows are stated at the rate of exchange prevailing on the date that cash was paid or received, and include the impact of any payment or receipt from the derivative counterparty

The notes on pages 7 to 9 are an integral part of these financial statements

Chester Asset Securitisation Holdings No.2 Limited

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies for the year ended 31 December 2012

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently.

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with the Companies (Jersey) Law 1991 and applicable accounting standards in the United Kingdom.

1.2 Group financial statements

For accounting purposes, the company is considered to be a subsidiary of MBNA Limited, a company incorporated in the United Kingdom. Consolidated financial statements are produced by MBNA Limited. Consequently, the company is exempt from preparing consolidated financial statements as permitted by the Companies (Jersey) Law 1991.

1.3 Investments

Investments in subsidiary undertakings are recorded at the lower of the cost and net recoverable amount. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2 Directors' emoluments

No directors' emoluments were paid by the company during the year (2011: £nil). The fees of the directors in respect of their services to Chester Asset Securitisation Holdings No.2 Limited are included in the fee expense payable to Wilmington Trust SP Services (London) Limited as borne by another group undertaking.

3 Employees

There were no people employed by the company during the year.

The average monthly number of directors of the company during the year was 4 (2011: 4).

Chester Asset Securitisation Holdings No.2 Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Taxation on profit on ordinary activities

The company is subject to income tax in Jersey at the standard rate of 0%. The amount of income tax payable in Jersey is therefore £nil (2011: £nil).

The company has a branch registration in the United Kingdom and is therefore deemed resident in the United Kingdom for corporation tax purposes.

The standard rate of corporation tax in the United Kingdom changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profit for this accounting period is taxed at a standard effective rate of 24.5%.

The tax assessed for the year is lower (2011: the same) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2012 of 24.5% (2011: 26.5%). The differences are explained below.

	2012 £	2011 £
Profit on ordinary activities before taxation	150,000	-
Profit on ordinary activities multiplied by the standard effective rate of corporation tax in the United Kingdom of 24.5% (2011: 26.5%)	36,746	-
Non Taxable dividend income from fixed asset investment	(36,746)	-
Total current tax	-	-

During the year legislation was enacted to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013.

The intention to reduce the UK corporation tax rate by a further 3% to 20% by 1 April 2015, has also been announced in the March 2013 Budget.

Chester Asset Securitisation Holdings No.2 Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

5 Dividends

	2012 £	2011 £
Equity - Ordinary		
Final paid (2011 nil) £75,000 per £1 share (note 7)	<u>150,000</u>	<u>-</u>

6 Shares in group undertakings

The company holds an investment in the entire issued share capital the following entity

Name of undertaking	Nature of business
Chester Asset Receivables Dealings Issuer Limited	Provision of long term finance
Chester Asset Receivables Dealings Issuer Limited is incorporated in Jersey and has a year end of 31 December	

7 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
2 (2011 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

8 Profit and loss account

	2012 £	2011 £
At 1 January 2012	-	-
Profit for the financial year	150,000	-
Dividend paid for the year	<u>(150,000)</u>	<u>-</u>
At 31 December 2012	<u>-</u>	<u>-</u>

Chester Asset Securitisation Holdings No.2 Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Reconciliation of movement in equity shareholders' funds

	2012 £	2011 £
Equity shareholders' funds as at 1 January 2012	2	2
Profit for the financial year	150,000	-
Dividend paid for the year	(150,000)	-
At 31 December 2012	<u>2</u>	<u>2</u>

10 Related party transactions

Dividends totalling £150,000 were paid during the year, with the funds donated to the MBNA General Foundation (2011 £Nil)

The issued share capital of the company is held by Wilmington Trust SP Services (London) Limited ('Wilmington') Administration and directorial services were provided to the company by Wilmington

Martin McDermott and Daniel Fisher are directors of Wilmington

Jonathan West is a director of Chester Asset Receivables Dealings Issuer Limited

11 Ultimate controlling party

The issued share capital of the company is ultimately held by Wilmington in its capacity as trustee of a charitable trust known as the Chester Issuer Charitable Trust

For accounting purposes, the company's ultimate controlling party as at 31 December 2012 is considered by the directors to be Bank of America Corporation, a company incorporated in the United States of America. The largest group into which the company's accounts are consolidated is that of Bank of America Corporation. Copies of the consolidated financial statements of Bank of America Corporation are available from Bank of America Corporate Center, 100 N Tryon Street, Charlotte, North Carolina, 28255, USA or from the Securities and Exchange Commission ('SEC') in the United States or online at www.sec.gov

The smallest group into which the company's accounts are consolidated is MBNA Limited, a private limited company incorporated in the United Kingdom. Copies of the consolidated financial statements of MBNA Limited are available from MBNA Limited, Stansfield House, Chester Business Park, Chester CH4 9QQ