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Chester Asset Receivables Dealings Issuer Limited

Annual report for the year ended

31 December 2014

Registered no 87841

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# Chester Asset Receivables Dealings Issuer Limited

## Annual report for the year ended 31 December 2014

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# Chester Asset Receivables Dealings Issuer Limited

## General information

### Directors

J West  
M Clarke  
M Filer

### Company secretary

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

### Registered office

26 New Street  
St Helier  
Jersey  
JE2 3RA

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
101 Barbican Square  
Lower Mosley Street  
Manchester  
M2 3PW

# Chester Asset Receivables Dealings Issuer Limited

## Directors' report for the year ended 31 December 2014

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

### Principal activity and review of business and future outlook

The company is incorporated as a public limited liability company in Jersey Channel Islands

The principal activity of the company was the provision of long term finance for a portfolio of credit card receivables originated by MBNA Limited

The last of the company's loan notes (and related investments in the receivables trust) matured and were repaid 15 May 2013. Following the maturity of the loan notes, the company is now dormant.

During the year to 31 December 2014 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 £nil (2013: £3,000). The directors do not recommend the payment of a dividend for the year (2013: £nil).

### Key performance indicators ('KPIs')

Given that the company is no longer trading, the directors of the company are of the opinion that analysis using KPIs is no longer necessary for an understanding of the development, performance or position of the business.

### Principal risks and uncertainties

The company is no longer trading, and as such the company's directors consider that the ongoing exposure to risk is minimal.

### Directors

The directors who served during the year and up to the date of signing of the financial statements were:

J West

M Clarke (appointed 31 July 2014)

D R Fisher (resigned 31 July 2014)

M McDermott (resigned 5 December 2014)

M Filer (appointed 5 January 2015)

# Chester Asset Receivables Dealings Issuer Limited

## Directors' report for the year ended 31 December 2014 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the 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 the directors have elected to prepare 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.

### Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J West  
Director  
27 April 2015

# **Chester Asset Receivables Dealings Issuer Limited**

## ***Independent auditors' report to the members of Chester Asset Receivable Dealings Issuer Limited***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Chester Asset Receivables Dealings Issuer Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended,
  - have been properly prepared in accordance with United Kingdom Accounting Standards, and
  - have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991
- 

#### **What we have audited**

Chester Asset Receivable Dealings Issuer Limited's financial statements comprise

- the Balance sheet as at 31 December 2014,
- the Profit and loss Account for the year then ended,
- the Cash flow statement for the year then ended, and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

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#### **Opinion on other matter**

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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#### **Other matters on which we are required to report by exception**

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##### **Proper accounting records maintained and information and explanations received**

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit ; or
- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the directors**

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) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

# Chester Asset Receivables Dealings Issuer Limited

## ***Independent auditors' report to the members of Chester Asset Receivable Dealings Issuer Limited (continued)***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Iwan Griffiths  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Recognized Auditor  
Manchester  
27 April 2015

## Chester Asset Receivables Dealings Issuer Limited

### Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £ 000
Interest receivable and similar income	3	-	38,219
Interest payable and similar charges	4	-	(424)
		<hr/>	<hr/>
<b>Net interest income</b>		-	37,795
Administrative expenses		-	(37,791)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	5	-	4
Taxation on profit on ordinary activities	6	-	(1)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	12, 13	-	3
		<hr/>	<hr/>

The company has no other recognised gains or losses and therefore no separate statement of total recognised gains and losses is presented. There are no material differences between the above results and their historical cost equivalent.

All results relate to operations that discontinued 15 May 2013, following the maturity of the final loan notes issued by the company.

The notes on pages 10 to 16 are an integral part of these financial statements.



# Chester Asset Receivables Dealings Issuer Limited

## Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £ 000
<b>Current assets</b>			
Financial assets	9	-	14
Cash at bank and in hand		<b>13</b>	-
		<b>13</b>	14
<b>Creditors: amounts falling due within one year</b>	10	-	(1)
<b>Net assets</b>		<b>13</b>	13
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	<b>13</b>	13
<b>Equity shareholders' funds</b>	13	<b>13</b>	13

The notes on pages 10 to 16 are an integral part of these financial statements

The financial statements were approved by the board of directors on 27 April 2015 and were signed on its behalf by



J West  
Director  
Chester Asset Receivables Dealings Issuer Limited  
Registered no 87841

# Chester Asset Receivables Dealings Issuer Limited

## Statement of cash flows for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Net cash inflow from operating activities</b>	14(a)	-	4
<b>Taxation</b>			
Taxation paid		(1)	(3)
<b>Capital expenditure and financial investment</b>			
Maturity of loan notes		-	120,000
Non-operating movement in short term deposits		14	(1)
<b>Financing</b>			
Repayment of loan notes		-	(120,000)
<b>Movement in cash</b>		<u>13</u>	<u>-</u>

## Reconciliation of net cash flow to movement in net funds

	Note	2014 £'000	2013 £'000
<b>Increase in cash in the year</b>		13	-
Movement in short term deposits		(14)	(94)
Movement in loan notes in issue		-	120,000
<b>Change in net funds resulting from cash flows</b>	14(b)	(1)	119,906
Other non-cash movements	14(b)	-	(28)
<b>Movement in net funds</b>	14(b)	(1)	119,878
Net funds at 1 January		14	(119,864)
<b>Net funds at 31 December</b>	14(b)	<u>13</u>	<u>14</u>

The notes on pages 10 to 16 are an integral part of these financial statements

# Chester Asset Receivables Dealings Issuer Limited

## Notes to the financial statements for the year ended 31 December 2014

### 1 Accounting policies for the year ended 31 December 2014

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 on a going concern basis under the historical cost convention as modified by the revaluation of certain financial instruments in accordance with the Companies (Jersey) Law 1991 and applicable accounting standards in the United Kingdom.

Following the maturity of the loan notes, the company is now dormant but may become active in the foreseeable future.

#### 1.2 Revenue recognition

Turnover and cost of sales do not have meaningful equivalents for the business of the company and are not used in these financial statements.

Interest income on the company's investments and interest expense on the corresponding borrowings, are considered to be part of the operating activities of the company and are recognised in the profit and loss account using the effective interest rate method.

Interest income includes excess spread, which is subsequently returned to a related party within administration expenses. Excess spread represents the net amount of income minus expense cash flows associated with the securitised accounts.

#### 1.3 Financial instruments

The company accounts for its investments in loan notes as loans and receivables, and includes these within financial assets on the balance sheet. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes.

Financial assets are recognised initially at their fair value. They are subsequently measured at amortised cost using the effective interest rate method. A provision for impairment will be recognised where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Loans and receivables are only classified as current assets where the company has an unconditional right to require settlement within 12 months of the balance sheet date.

Borrowings are recognised initially at their fair value, being their issue proceeds (fair value of the consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities where the company does not have the unconditional right to defer settlement for at least 12 months after the balance sheet date.

# Chester Asset Receivables Dealings Issuer Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 1 Accounting policies for the year ended 31 December 2014 (continued)

#### 1.3 Financial instruments (continued)

Financial assets and liabilities are recognised when a right to receive cash flows or an obligation to transfer cash flows arises. Financial assets are derecognised when the rights to receive cash flows from the assets have expired. Financial liabilities are derecognised when they are extinguished, that is to say when the obligation is discharged or cancelled or expires.

Derivative financial instruments are classified either as financial assets or financial liabilities based on the individual fair value position of the instrument.

Interest income and expense arising on financial assets and liabilities is measured at the instruments' effective interest rate in accordance with FRS 26 Financial instruments: recognition and measurement.

#### 1.4 Cash flows

Cash flows are stated at the rate of exchange prevailing on the date that cash was paid or received.

#### 1.5 Taxation

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

### 2 Segmental analysis by class of business

The company operates in one class of business, namely the provision of long term finance for a portfolio of credit card receivables originated by MBNA Limited, and in one geographical area, the United Kingdom. Accordingly a segmental analysis of the company's business is not provided.

# Chester Asset Receivables Dealings Issuer Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 3 Interest receivable and similar income

	2014 £'000	2013 £ 000
Interest receivable and similar income (excluding excess spread)	-	483
Excess spread	-	37,736
	<u>-</u>	<u>38,219</u>

Excess spread was returned to a related party within administration expenses

### 4 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable on loan notes	<u>-</u>	<u>424</u>

The amortisation of issuance costs was included within interest payable as part of the effective interest rate calculation in accordance with FRS 26 'Financial instruments: recognition and measurement'

### 5 Profit on ordinary activities before taxation

Auditors' remuneration of £7,000 (2013: £7,000) that relates wholly to the audit of the company has been borne by a fellow group undertaking

### 6 Taxation on profit on ordinary activities

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

The company is taxed in accordance with the Statutory Instrument No. 3296 'The Taxation of Securitisation Companies Regulations 2006' which requires that tax is charged on the profits 'retained by the issuer'. The actual retained profit for the year amounted to £nil (2013: £4,000)

The standard rate of corporation tax in the United Kingdom changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profit for the financial year is taxed at a standard effective rate of 21.49%.

# Chester Asset Receivables Dealings Issuer Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 6 Taxation on profit on ordinary activities (continued)

The tax assessed for the year is the same (2013 the same) as the standard effective rate of corporation tax in the UK of 21.49% (2013 23.25%)

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	-	4
<b>Current tax:</b>		
Corporation tax at 21.49% (2013 23.25%)	-	1
Total current tax	-	1

The UK corporation tax rate will further reduce to 20% at 1 April 2015

### 7 Directors' emoluments

The emoluments of the directors during the year amounted to £7,000 (2013 £14,000) in respect of their services to Chester Asset Receivables Dealings Issuer Limited. Of these emoluments £6,000 (2013 £13,000) represented fees borne by another group undertaking in connection with the services of the directors M McDermott, D R Fisher & M Clarke, payable to Wilmington Trust SP Services (London) Limited. The remaining emoluments of £1,000 (2013 £1,000) in connection with the services of J West were borne by another group undertaking.

### 8 Employees

The average monthly number of people (including directors) employed by the company during the year was 3 (2013 3)

### 9 Financial assets

	2014 £'000	2013 £'000
<b>Amounts falling due within one year</b>		
Short term deposits	-	14
	-	14

# Chester Asset Receivables Dealings Issuer Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 10 Creditors: amounts falling due within one year

	2014 £'000	2013 £ 000
Corporation tax	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

### 11 Called up share capital

	2014 £	2013 £
Allotted and fully paid		
2 (2013 2) ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

### 12 Profit and loss account

	2014 £'000
At 1 January	13
Profit for the financial year	-
At 31 December	<u>13</u>

### 13 Reconciliation of movement in equity shareholders' funds

	2014 £'000	2013 £'000
Equity shareholders' funds as at 1 January	13	10
Profit for the financial year	-	3
Equity shareholders' funds at 31 December	<u>13</u>	<u>13</u>

# Chester Asset Receivables Dealings Issuer Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 14 Notes to the statement of cash flows

(a) Reconciliation of loss on ordinary activities before taxation to net cash inflow from operating activities

	2014 £'000	2013 £ 000
Profit on ordinary activities before taxation	-	4
Decrease in short term deposits	14	95
Decrease in debtors	-	4,776
Decrease in creditors	(1)	(4,871)
	<u>13</u>	<u>4</u>

(b) Analysis of change in net debt

	At 1 January 2014 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 December 2014 £'000
Short term deposits	14	(14)	-	-
Cash at bank and in hand	-	13	-	13
	<u>14</u>	<u>(1)</u>	<u>-</u>	<u>13</u>

### 15 Related party transactions

- (a) Interest receivable and similar income comprises £nil (2013 £38,219,000) receivable from Deva Three. As at 31 December 2014 both the company and Deva Three are deemed to be subsidiaries of MBNA Limited.
- (b) Administrative expenses includes £nil (2013 £37,736,000) payable to Deva Three.
- (c) The issued share capital of the company is held by Chester Asset Securitisation Holdings No 2 Limited ('CASH 2') whose shares are held by Wilmington Trust SP Services (London) Limited ('Wilmington').
- (d) Administration and directorial services were provided to the company by Wilmington totalling £6,000 (2013 £13,000).
- (e) M Clarke and M Filer are directors of Wilmington and the company's immediate parent Chester Asset Securitisation Holdings No 2 Ltd ('CASH 2'). J West is a director of CASH 2 and Deva Three.



# Chester Asset Receivables Dealings Issuer Limited

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **16 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 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 financial statements 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](http://www.sec.gov)

The smallest group into which the company's financial statements 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.