

# **PATERNOSTER SECURITISATION NO. 1 PLC**

**Registered Number 3819954**

## **REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# **PATERNOSTER SECURITISATION NO. 1 PLC**

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## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007**

### **Business review**

On 20 November 2001 the Company redeemed all of its floating rate notes in full and thereafter ceased its activity as a securitisation vehicle. The Company has not traded since that date.

### **Results and dividends**

The results for the year, after taxation, amounted to £nil (2006: £nil). The Directors do not propose to pay a dividend (2006: £nil).

### **Directors**

The Directors who served during the year were as follows:

S P de Albuquerque  
T G Thorp

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985 and the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

### **Supplier payment policy**

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from BERR Publications Orderline, Admail 528, London SW1W 8YT.

It is Company practice to organise payment to its suppliers through a central purchasing unit operated by HSBC Bank plc. The payment performance of this unit is incorporated within the results of that Company.

### **Financial instruments**

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, as required under the Companies Act 1985 are set out in Note 6 of the Notes to the Accounts.

### **Disclosure of Information to Auditors**

Each person 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 auditor is unaware, and the Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 234ZA of the Companies Act 1985 and should be interpreted in accordance therewith.

### **Auditors**

Pursuant to Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

# **PATERNOSTER SECURITISATION NO. 1 PLC**

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## **REPORT OF THE DIRECTORS (continued)**

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

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 period

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 UK Accounting Standards have been complied with, subject to any material departures disclosed and explained in the financial statements, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

By order of the Board



L J Jenkinson  
Secretary

29 April 2008

Registered Office  
8 Canada Square  
London  
E14 5HQ

# **PATERNOSTER SECURITISATION NO. 1 PLC**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATERNOSTER SECURITISATION NO. 1 PLC**

We have audited the financial statements of Paternoster Securitisation No 1 Plc for the year ended 31 December 2007 which comprise Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's 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 director's responsibilities for preparing the financial statements in accordance with applicable law and Generally Accepted Accounting Practice are set out in the Statement of Directors' Responsibilities on page 2.

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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not 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 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result for the year
- 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

  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

29 April 2008  
8 Salisbury Square  
London EC4Y 8BB

# **PATERNOSTER SECURITISATION NO. 1 PLC**

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## **PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007**

During the current and previous financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during the year, the Company made neither a profit nor a loss.

## **BALANCE SHEET at 31 December 2007**

	Notes	2007 £000	2006 £000
<b>Current assets</b>			
Debtors	4	36	36
		<hr/> 36	<hr/> 36
<b>Creditors – amounts falling due within one year</b>	5	(15)	(15)
		<hr/> (15)	<hr/> (15)
<b>Net assets</b>		<hr/> 21	<hr/> 21
<b>Capital and reserves</b>			
Called up share capital	7	13	13
Profit and loss account		8	8
		<hr/> 21	<hr/> 21
<b>Equity shareholders' funds</b>	8	<hr/> 21	<hr/> 21

The financial statements were approved by the Board of Directors on 29 April 2008, and signed on its behalf by



T G Thorp  
Director

# **PATERNOSTER SECURITISATION NO. 1 PLC**

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## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007**

### **1. Accounting policies**

#### **(a) *Basis of preparation and comparatives***

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable to the United Kingdom

#### **(b) *Cash Flow Statement***

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### **(c) *Segmental reporting***

In the opinion of the Directors no segmental analysis of financial performance is required because the Company operates in one business segment and only in the United Kingdom

### **2. Directors' emoluments**

The Director's emoluments are borne by a fellow subsidiary undertaking. It is not practicable to allocate costs to Paternoster Securitisations No 1 plc for the services performed by the Directors in relation to the Company

### **3. Employees**

The Company had no employees during the current and previous years

### **4. Debtors**

	<b>2007 £000</b>	<b>2006 £000</b>
Other debtors	<b>36</b>	<b>36</b>

### **5. Creditors – amounts falling due within one year**

	<b>2007 £000</b>	<b>2006 £000</b>
Amounts owed to group undertakings	<b>15</b>	<b>15</b>

# **PATERNOSTER SECURITISATION NO. 1 PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2006**

### **6. Financial instruments**

Exposure to credit risk arises in the normal course of the Company's business. Management has a credit policy in place and credit risk is monitored on an ongoing basis.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of investments and trade receivables at the balance sheet date.

#### *Fair values*

There are no material differences between the carrying value and fair value of assets and liabilities as at 31 December 2007 and 31 December 2006.

### **7. Share capital**

	2007 £	2006 £
Authorised 50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid 2 ordinary shares of £1 each	2	2
Allotted, called up and quarter paid 49,998 ordinary shares of £1 each	12,500	12,500
	12,502	12,502

### **8. Reconciliation of movements in shareholders' funds**

	2007 £000	2006 £000
Shareholders' funds at beginning and end of year	21	21

### **9. Related party transactions**

Under the terms of Financial Reporting Standard No 8, Related Party Disclosures, the Company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the Company is included are publicly available.

### **10. Parent undertakings**

The Company's immediate parent company is Paternoster Securitisations Holdings Limited.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 'Related Party Disclosures' (FRS 8) is Royal Exchange Trust Company Limited, which is incorporated in the United Kingdom.