

Company Registration Number: 5614601

A-BEST THREE HOLDCO LIMITED
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION ON 7 NOVEMBER 2005 TO
30 NOVEMBER 2006

TUESDAY



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A-BEST THREE HOLDCO LIMITED

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS -

**FOR THE PERIOD FROM INCORPORATION ON 7 NOVEMBER 2005 TO
30 NOVEMBER 2006**

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A-BEST THREE HOLDCO LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr J C Schroeder Mr M H Filer Wilmington Trust SP Services (London) Limited (previously named SPV Management Limited)
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	5614601
Registered office	c/o Wilmington Trust SP Services (London) Limited Tower 42 (Level 11) 25 Old Broad Street London EC2N 1HQ
Auditors	Deloitte & Touche LLP London

A-BEST THREE HOLDCO LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of the Group for the period from incorporation on 7 November 2005 to 30 November 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

On 9 February 2006 the Group issued £279,950,000 floating rate notes ('Loan notes') due for repayment in 2013. The issue of the Loan notes was split into three classes, being £256,870,000 of Class A Notes, £16,160,000 of Class B Notes and £6,920,000 of Class C Notes. On the same date the Group was granted a subordinated loan, split into three tranches, by Fiat Auto Financial Services Limited ("FAFS")

The proceeds from the issue of the Loan notes and a drawing from a subordinated loan were used to purchase motor vehicle receivables which consist of auto-loans pursuant to auto loan agreements, financing pursuant to hire purchase agreements, financing pursuant to personal contract purchasing agreements and leasing products

Under a servicing agreement FAFS administer the receivables on behalf of the Group

The principal activity of the Group is the funding of the purchase of the Receivables. No significant change in the Group's principal business activity is expected

RESULTS AND DIVIDENDS

The results for the period and the Group's financial position at the period end are shown in the attached financial statements. The profit on ordinary activities after taxation for the period was £1,191,619. The directors do not recommend the payment of a final dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the Company throughout the period except where noted, together with their beneficial interests in the shares of the Group, were as follows

Wilmington Trust SP Services (London) Limited	
(previously named SPV Management Limited)	(appointed 7 November 2005)
Mr M Filer	(appointed 7 November 2005)
Mr R Baker	(appointed 11 November 2005 and resigned on 28 February 2008)
Mr J C Schroeder	(appointed on 28 February 2008)

No director holding office during the period was beneficially interested in the shares of the Company

Mr M Filer, a director of the Company, is also a director of SPV Advisors Limited. SPV Advisors Limited holds 100% of the issued shares in A-BEST Three HoldCo Limited under a declaration of trust for charitable purposes

PRINCIPAL RISKS AND UNCERTAINTIES INCLUDING FINANCIAL INSTRUMENTS RISKS

The Group's financial instruments comprise the investments, cash and cash equivalents, interest-bearing borrowings and various receivables and payables that arise directly from its operations

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments is undertaken

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing these and the other risks arising on the Group's financial instruments and they are disclosed in note 12

A-BEST THREE HOLDCO LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES INCLUDING FINANCIAL INSTRUMENT RISKS (continued)

Repayment risk

The ability of the Group to meet its obligations under the Loan notes and its operating, administrative and other expenses is dependent on the following

- (a) the receipt by the Group of funds principally under the Receivables Trust, which in turn will be dependent upon
 - (i) the receipt by FAFS or its agents of collections from customers in respect of the purchased receivables and the payment of those amounts by the Servicer to the Group in accordance with the Servicing Agreement and the Receivables Purchase Agreement,
 - (ii) the receipt by the Group of amounts lent to the Servicer under the LoanCo/Servicer Guaranteed Loan Agreement together with interest on those amounts), and
 - (iii) the receipt by the Group of amounts due to be paid by the FAFS pursuant to the Defaulted Receivables Put Option or as a result of any repurchase of Non-Conforming Receivables by FAFS,
- (b) the receipt by the Group of any net payments which the Swap Counterparties are liable to make under the Swap Agreements,
- (c) receipt by the Group of amounts due under the Subordinated Loan Agreement,
- (d) interest income earned on cash balances held by the Group, and
- (e) following service of an Enforcement Notice, the proceeds of enforcement of the Issuer Charged Property

Other than those amounts, the Group will not have any other funds available to it to meet its obligations in respect of the Loan notes and its obligations ranking in priority to or *pari passu* with the Loan notes

Unsecured Obligations of Customers under Auto-Loan Agreements

In relation to the relevant financing agreements, FAFS will only be transferring the benefit of the unsecured monetary obligations due from the relevant customers. No security has been given by any customer for any such monetary obligations and FAFS has no interest (and therefore cannot transfer the benefit of any interest) in any property acquired by a customer with the proceeds of any loan made to him pursuant to the relevant financing agreement

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

- (1) so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- (2) 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 Group'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

CREDITOR PAYMENT POLICY

The Group's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the noteholders. Principal and interest are repaid on the due dates in accordance with the agreements in place

A-BEST THREE HOLDCO LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

Deloitte & Touche LLP were appointed as auditors to the Company by the directors and in accordance with section 385 of the Companies Act 1985. A resolution proposing that they be re-appointed as auditors of the Company will be proposed at the Annual General Meeting.

POST BALANCE SHEET EVENT

Since the period end the redemption of the loan notes has continued. At 10 April 2008 £35,406,164 of the Loan notes remained outstanding, representing 12.6% of the original issue. It is therefore expected that the remaining Loan notes of the Group will be repaid well in advance of the legal maturity date of 2013.

By order of the Board



Sunil Masson
Authorised Signatory

On behalf of Wilmington Trust SP Services (London) Limited
Director

Date 1 May 2008

A-BEST THREE HOLDCO LIMITED

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, 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 Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A-BEST THREE HOLDCO LIMITED

We have audited the group and parent company financial statements (the "financial statements") of A-Best Three Holdco Limited for the period from incorporation on 7 November 2005 to 30 November 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 20. 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 Annual Report and 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group's and the parent company's affairs as at 30 November 2006 and of the group's profit for the period from incorporation on 7 November 2005 to 30 November 2006,
- 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 & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
1 May 2008

A-BEST THREE HOLDCO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Period from 7 November 2005 to 30 November 2006
Continuing activities	Note	£
Turnover	1	22,043,188
Administrative expenses	3	(14,362,167)
Fair value of derivatives		<u>1,175,120</u>
Gross profit		8,856,141
Interest receivable and similar income	4	1,021,446
Interest payable	5	<u>(8,685,968)</u>
Profit on ordinary activities before taxation	6	1,191,619
Tax on profit on ordinary activities	7	<u>-</u>
Profit on ordinary activities after taxation	17	<u><u>1,191,619</u></u>

All operations were continuing in the current period

The Group has no recognised gains or losses other than the results for the current period as set out above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 11 to 19 form an integral part of these financial statements

A-BEST THREE HOLDCO LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 30 NOVEMBER 2006

	Notes	2006 £
Current assets		
Debtors – due within one year	9	144,130,541
Debtors – due after one year	9	41,306,426
Derivative financial instruments	1	1,175,120
Cash at bank and in hand		<u>17,337,488</u>
Total current assets		<u>203,949,575</u>
Creditors amounts falling due within one year	10	<u>(129,801,475)</u>
Total assets less current liabilities		74,148,100
Creditors amounts falling due after more than one year	11	<u>(72,956,479)</u>
Net assets		<u><u>1,191,621</u></u>
Capital and reserves		
Called up equity share capital	16	2
Profit and loss account	17	<u>1,191,619</u>
Equity shareholders' funds	18	<u><u>1,191,621</u></u>

The financial statements were approved by the directors and authorised for issue on 1 May 2008 and are signed on their behalf by



Sunil Masson
Authorised Signatory

On behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 11 to 19 form an integral part of these financial statements

A-BEST THREE HOLDCO LIMITED

COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2006

	Notes	2006 £
Investments	8	<u>12,506</u>
Current assets		
Cash at bank and in hand		<u>555</u>
Total current assets		<u>555</u>
Net current assets		<u>555</u>
Net assets		<u>13,061</u>
Capital and reserves		
Called up equity share capital	16	2
Profit and loss account	17	<u>13,059</u>
Equity shareholders' funds	18	<u>13,061</u>

The financial statements were approved by the directors and authorised for issue on 1 May 2008 and are signed on their behalf by



Sunil Masson
Authorised Signatory

On behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 11 to 19 form an integral part of these financial statements

A-BEST THREE HOLDCO LIMITED

CONSOLIDATED CASHFLOW STATEMENT

	Notes	Period from 7 November 2005 to 30 November 2006 £
Cashflows from operating activities		
Profit on ordinary activities before taxation		1,191,619
<i>Adjustments for</i>		
Fair value movement on derivative financial instruments		(1,175,120)
Amortisation of issue costs		158,927
Increase in debtors		(14,707,137)
Increase in creditors		<u>28,058,484</u>
Net cash from operating activities		<u>13,526,773</u>
Cashflows from investing activities		
Net movement in motor vehicle receivables		<u>(170,729,831)</u>
Cash used in investing activities		<u>(170,729,831)</u>
Cashflows from financing activities		
Proceeds on issue of shares		2
Proceeds on issue of loan notes		279,950,000
Redemption of loan notes during the period		(113,678,075)
Issue costs		(391,381)
Subordinated loans received		9,160,000
Subordinated loans repaid during the period		<u>(500,000)</u>
Net cash inflow from financing		<u>174,540,546</u>
Net Increase in cash and cash equivalents		17,337,488
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period	13	<u>17,337,488</u>

All withdrawals from the Group's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes

The notes on pages 11 to 19 form an integral part of these financial statements

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom company law and accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries for the period then ended

Turnover

Turnover represents income received in relation to a pool of motor vehicle receivables. Turnover is accounted for under the effective interest rate method

Interest receivable and payable

Interest receivable and payable are accounted for under the effective interest method

Loan notes

Loan notes are measured at initial recognition at fair value being the principal issued less issue costs, and are subsequently measured at amortised cost using the effective interest rate method

Taxation

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

Deferred tax is recognised in respect of timing differences that have originated but not reversed 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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The derivatives used by the Group are interest rate swaps. The Group does not hold or issue derivative financial instruments for speculative purposes

Derivative instruments are recorded at fair value, with any gain or loss on measurement being recognised in the profit and loss account. The fair value of the instruments is the estimated amount that the Group would receive or pay to terminate the instruments at the balance sheet date, and are based upon the market price of comparable instruments at that date

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Embedded derivatives

Certain derivatives are embedded within other non-derivative host financial instruments to create a hybrid instrument. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the income statement. Depending on the classification of the host instrument, the host is then measured in accordance with Financial Reporting Standard 26 'Financial Instruments: Measurement'.

Functional currency

As the Group's functional currency and reporting currency are primarily Pound Sterling, the financial statements have been prepared using Sterling.

Offsetting financial assets and financial liabilities

Where there is a legal enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset/liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented on the balance sheet.

2. DIRECTORS AND EMPLOYEES

None of the directors received any emoluments for their services to the Company or Group during the current period apart from Wilmington Trust SP Services (London) Limited who is remunerated for their services to the Group as a whole. Mr J C Schroeder and Mr M Filer are directors of Wilmington Trust SP Services (London) Limited. During the period Wilmington Trust SP Services (London) Limited earned £20,570 including irrecoverable VAT.

None of the directors had any interests in the Company or Group as at the period-end nor has any material interest in any contract of significance in relation to the business of the Company or Group.

The Company and Group does not have any employees.

3. ADMINISTRATIVE EXPENSES

	Period from 11 November 2005 to 30 November 2006 Group £
Fees	273,278
Seller's income entitlement (note 15)	<u>14,088,889</u>
	<u>14,362,167</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 11 November 2005 to 30 November 2006 Group £
Bank interest received	762,051
Interest received on guaranteed loan facility (note 15)	<u>259,395</u>
	<u>1,021,446</u>

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. INTEREST PAYABLE

	Period from 11 November 2005 to 30 November 2006 Group £
Interest on loan notes	8,685,521
Other interest payable	447
	<u>8,685,968</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period from 11 November 2005 to 30 November 2006 Group £
Profit on ordinary activities before taxation is stated after charging	
Auditors' fees for audit services	21,150
Auditors' fees for audit services to the company, borne by the group	2,350
Auditors' fees for tax services	<u>5,875</u>

7. TAXATION

(a) Analysis of charge for the period

	Period from 11 November 2005 to 30 November 2006 Group £
Current tax	
United Kingdom corporation tax at 30%	-
Tax on profit on ordinary activities	<u>-</u>

(b) Factors affecting current tax charge

	Period from 11 November 2005 to 30 November 2006 Group £
Profit on ordinary activities before taxation	<u>1,191,619</u>
Profit on ordinary activities at standard rate of corporation tax of 30%	(357,486)
Adjustment for non-taxable items	352,536
Effect of nil rate	<u>4,950</u>
Total current tax (note 7(a))	<u>-</u>

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS

	2006 Company £
At start of period	-
Additions	<u>12,506</u>
Net book value at 30 November	<u>12,506</u>

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows

Name of company	Country of incorporation	Details of investments and proportion held by country	Nature of business
Asset-Backed Securitisation Transaction Three Plc	England and Wales	99.99% of ordinary shares	A special purpose entity established for the purpose of facilitating the securitisation of a portfolio of motor vehicle receivables through the issue of Asset-Backed Floating Rate Loan Notes
A-Best Three Holdco Subsidiary Limited	England and Wales	100% of ordinary shares	A special purpose entity established for the purpose of facilitating the securitisation of a portfolio of motor vehicle receivables and obtaining funding
A-Best Three Receivables Trustee Limited	England and Wales	100% of ordinary shares	A special purpose entity established for the purpose of facilitating the securitisation of a portfolio of motor vehicle receivables and acting as a trustee

9. DEBTORS

	2006 Group £
Amounts falling due within one year	
Motor vehicle receivables	129,423,405
Guaranteed loan facility (note 15)	11,564,054
Other debtors	<u>3,143,082</u>
	<u>144,130,541</u>
Amounts falling due after more than one year	
Motor vehicle receivables	<u>41,306,426</u>
Total	<u>185,436,967</u>

The motor vehicle receivables consist of auto-loans pursuant to auto loan agreements, financing pursuant to hire purchase agreements, financing pursuant to personal contract purchasing agreements and leasing products. Under a servicing agreement FAFS administer the receivables on behalf of the Group.

The guaranteed loan facility relates to a revolving sterling loan facility granted by the Group to FAFS, the Servicer of the motor vehicle receivables, for an amount equal to the aggregate of the collections received by the Servicer on each business day during the monthly loan period. The drawings made during a monthly loan period are repayable on the succeeding monthly settlement date. Interest accrues on a daily basis at SONIA minus 21bps p.a. The payment obligations of the Servicer under this loan facility are guaranteed by Bayerische Hypo-Und Vereinsbank, AG, London Branch and Landesbank Baden-Wurtemberg, London Branch.

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. CREDITORS: Amounts falling due within one year

	2006 Group £
Loan notes issued (see note 11 (a))	101,742,991
Interest payable on loan notes	1,212,065
Other creditors	26,563,679
Accruals and deferred income	282,740
	<u>129,801,475</u>

11. CREDITORS: Amounts falling due after more than one year

	2006 Group £
Loan notes issued (see note 11 (a))	64,296,479
Subordinated loans (see note 15)	8,660,000
	<u>72,956,479</u>

(a) Analysis of loan notes issued

	2006 Group £
Loan notes	166,271,925
Unamortised issue costs	(232,455)
	<u>166,039,470</u>

Interest on the loan notes is payable by reference to successive interest periods and is payable quarterly in arrears in January, April, July and October each year. Interest accrues on the notes at an annual rate equivalent equal to the sum of LIBOR for three month sterling deposits from time to time plus, a margin, in the case of the Class A Notes, of 0.08 per cent per annum, in the case of the Class B Notes, of 0.25 per cent per annum and, in the case of the Class C Notes, of 0.46 per cent per annum. The loan notes will mature in 2013 but will be subject to earlier mandatory or optional redemption under certain specified circumstances.

Interest is not payable on the subordinated loans and the subordinated loans in existence at the period end are repayable on the maturity of the loan notes.

Loan note legal maturity analysis

	2006 Group £
Wholly repayable after more than five years	<u>166,271,925</u>

The loan notes are denominated in the following currencies

	2006 Group £
Sterling	<u>166,271,925</u>

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash balances and debtors and creditors, that arise directly from its operations. The Group has entered into transactions which consist principally of loan notes.

The risks arising from the Group's activities are credit risk, liquidity risk, and interest rate risk. The Board reviews and agrees policies for managing each of these risks which are noted below.

Currency risk

All of the Group's assets and liabilities are denominated in pound Sterling and therefore there is no foreign currency risk.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. In order to hedge the interest rate mis-match between the fixed rate of interest receivable from the receivables and the floating rate of interest payable by the Company under the Loan notes the Group has entered into swap agreements to minimise its exposure to interest rate risk.

Credit risk

Credit risk arises where the money is not collected on the underlying motor vehicle receivables held by the Trustee. The Group has appointed FAFS to act as servicer to the motor vehicle receivables, who will, through itself or through its agents, collect amounts due on behalf of the Group. The maximum exposure to credit risk is represented by the carrying amount of the asset portfolio held by the Group.

Liquidity risk

The Group's policy is to maintain a strong liquidity position and to manage the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

Fair value of financial assets and liabilities

The following table provides a comparison of book values and fair values of the Group's financial assets and liabilities at 30 November 2006. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine the fair values.

	Carrying value 2006 Group £	Fair value 2006 Group £	Carrying value 2006 Company £	Fair value 2006 Company £
Investments	-	-	12,506	12,506
Motor vehicle receivable	170,729,831	147,450,606	-	-
Derivative financial instruments	1,175,120	1,175,120	-	-
Other debtors	14,707,136	14,707,136	-	-
Cash and cash equivalents	17,337,488	17,337,488	555	555
Loan notes	(166,039,470)	(166,039,470)	-	-
Subordinated loans	(8,660,000)	(8,660,000)	-	-
Other creditors and accruals	<u>(28,058,484)</u>	<u>(28,058,484)</u>	<u>-</u>	<u>-</u>

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 30 November 2006 and the periods in which they reprice

Group	Effective interest rate (%)	Total £	In less than 3 months £	In more than 3 months but less than 6 months £	Non interest - bearing £
Assets					
Motor vehicle receivables	12.54	170,729,831	170,729,831	-	-
Derivative financial instruments	-	1,175,120	-	-	1,175,120
Other debtors	-	14,707,136	-	-	14,707,136
Cash and cash equivalents	4.50	17,337,488	17,337,488	-	-
		<u>203,949,575</u>	<u>188,067,319</u>	<u>-</u>	<u>15,882,256</u>
Liabilities					
Loan notes	5.22	166,039,470	-	166,271,925	(232,455)
Subordinated loans	-	8,660,000	-	-	8,660,000
Other creditors and accruals	-	28,058,484	-	-	28,058,484
		<u>202,757,954</u>	<u>-</u>	<u>166,271,925</u>	<u>36,486,029</u>

Embedded derivatives

In accordance with Financial Reporting Standard 25 'Financial instruments: Presentation and disclosure', the Group has reviewed all investments contracts and loan note terms for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. In relation to the loan notes the Group has the ability to redeem the loan notes in full or part at their then principal amount outstanding, together with interest accrued to the date of redemption, on any interest payment date. The Group effectively has a call option on the loan notes exercisable on certain dates. The option constitutes an embedded derivative, however, as this is closely related to the underlying host contract (the loan notes) as set out in Financial Reporting Standard 25, the option does not require separation.

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Period from 11 November 2005 to 30 November 2006 Group £
Increase in cash in the period	17,337,488
Unamortised issue costs	232,455
Loan notes issued	(166,271,925)
Subordinated loans	(8,660,000)
Change in net debt	(157,361,982)
Net debt at start of the period	-
Net debt at 30 November (note 14)	<u>(157,361,982)</u>

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. ANALYSIS OF CHANGES IN NET DEBT

	7 November 2005 £	Cash flows £	Non-cash flows £	30 November 2005 £
Net cash:				
Cash at bank and in hand	-	17,337,488	-	17,337,488
Debt:				
Loan notes issued	-	(166,271,925)	232,455	(166,029,470)
Subordinated loans	-	(8,660,000)	-	(8,660,000)
	-	(174,931,925)	232,455	174,689,470
Net debt	-	(157,954,437)	232,455	(157,361,982)

15. RELATED PARTY TRANSACTIONS

During the period Wilmington Trust SP Services (London) Limited, a director of the Company, received £13,520 (including irrecoverable VAT) for corporate services provided to the Group and £7,050 (including irrecoverable VAT) in respect of accountancy services under the terms of a Corporate Services Agreement. No other director received any remuneration for their services to the Company or Group. In respect of payments to Wilmington Trust SP Services (London) Limited at 30 November 2006, £9,330 (including irrecoverable VAT) was outstanding and is disclosed under Creditors' amounts falling due within one year.

During the period the Group acquired a beneficial interest in £284,090,000 of motor vehicle receivables purchased from FAFS. At 30 November 2006, the remaining balance of these receivables was £170,729,831. FAFS acts as servicer of the receivables and earned £51,178 in fees during the period. At 30 November 2006 £5,841 of this servicing fee was unpaid.

Under the terms of the Receivables Purchase Agreement FAFS is entitled to the excess profit of Asset-Backed Securitisation Transaction Three Plc, a subsidiary of the Group. The Sellers' Income Entitlement totalled £14,088,889 for the period to 30 November 2006 (note 3).

During the period the Group granted a revolving sterling loan facility to the FAFS, the Servicer of the receivables, for an amount equal to the aggregate of the collections received by the Servicer on each business day during the monthly loan period. The drawings made during a monthly loan period are repayable on the succeeding monthly settlement date. Interest of £259,395 was earned on this loan facility during the period. At 30 November 2006, £11,564,054 was owed to the Group by FAFS and is disclosed within debtors (note 9).

During the period Asset-Backed Securitisation Transaction Three Plc, a subsidiary of the Group, entered into a non-interest bearing subordinated loan agreement with FAFS. The total facility was £9,160,000, of which £8,660,000 was outstanding at 30 November 2006 and is disclosed under Creditors' amounts falling due after more than one year (note 11).

At 30 November 2006 FAFS owed £2,973,956 to the Group which is included within other debtors (note 9) and was owed £391,481 by the Group which is included within other creditors (note 10).

A-BEST THREE HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16. CALLED UP SHARE CAPITAL

Authorised share capital:

	2006	2006
	Group	Company
	£	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Allotted, called up:

	2006	2006
	Group	Company
	£	£
2 £1 Ordinary shares, fully called up and paid	<u>2</u>	<u>2</u>

During the period the Company issued 2 ordinary £1 shares which were fully paid for cash

17. RECONCILIATION OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	2006	2006
	Group	Company
	£	£
At the start of the period	-	-
Retained profit for the financial period	<u>1,191,619</u>	<u>13,059</u>
At the end of the period	<u>1,191,619</u>	<u>13,059</u>

18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006	2006
	Group	Company
	£	£
Retained profit for the financial period	1,191,619	13,059
New equity share capital subscribed	<u>2</u>	<u>2</u>
Net addition to equity shareholders' funds	1,191,621	13,061
Opening equity shareholders' funds	-	-
Closing equity shareholders' funds	<u>1,191,621</u>	<u>13,061</u>

19. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The Company's profit for the financial period was £13,509

20. ULTIMATE PARENT COMPANY

The shares in A-BEST Three HoldCo Limited are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes