

**CORFE HILL LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**REGISTERED NUMBER: 6455235**



**CORFE HILL LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2010

**CONTENTS**

	Page
Officers and professional advisors	1
Directors' report	2 - 4
Independent auditors' report to the members	5 - 6
Statement of financial position	7
Statement of comprehensive income	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11 - 16

**CORFE HILL LIMITED**

**OFFICERS AND PROFESSIONAL ADVISORS**

<b>Directors</b>	Matthew S Atkinson Keith A Ritchie Emma L Scott
<b>Company Secretary</b>	Helene Y H Li
<b>Registered Office</b>	2 King Edward Street London EC1A 1HQ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

## **CORFE HILL LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for Corfe Hill Limited ("the Company") for the year ended 31 December 2010

#### **1. Principal activities and review of the business**

##### **Business structure and principal activities**

The Company is a wholly owned subsidiary of Carrington Limited and is part of the Bank of America Corporation group. The Company is incorporated in the United Kingdom.

The principal activity of the Company is to carry on business as an investment company. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Company derives income from the investment of funds with an intermediate parent company, Bank of America, N A.

##### **Future outlook**

The Company earned all of its income from its investment activities. The directors expect to generate income from the continued investment of capital to maintain the Company's profitability in the coming year.

##### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are considered to relate to financial market conditions,

- interest rates,
- credit, and
- liquidity

The Company manages these risks by entering into appropriate derivative positions to hedge the risks and by regular monitoring of the risks.

The Company's risk management objectives and policies, as well as exposures in relation to the principal risks of market risk, credit risk, operational risk and liquidity risk are more fully described in note 2 to the financial statements.

##### **Results and key performance indicators**

The results of the Company for the period are set out in the statement of comprehensive income on page 8 of the financial statements. The profit for the year after providing for income tax was £989,000 (2009 £1,581,000). The reduced profit in 2010 compared to 2009 reflects the fall in interest rates.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

## **CORFE HILL LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **2. Dividends**

No dividends were declared or paid during the year. The directors do not recommend the payment of a dividend in respect of 2010 (2009: £nil).

#### **3. Charitable and political donations**

The Company made no charitable or political donations during the year (2009: £nil).

#### **4. Directors**

The present directors are shown on page 1. The directors who served throughout the year to the date of this report were:

Matthew S. Atkinson	Appointed 29 September 2010
Timothy J. Puntan	Resigned 27 September 2010
Keith A. Ritchie	
Emma L. Scott	

The directors have not at any time during the period held any beneficial interest in the shares of the Company or any other group company incorporated in the United Kingdom.

#### **5. Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office.

#### **6. Provision of information to auditors**

Each director confirms that:

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) that they have taken all of the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## **CORFE HILL LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **7. Statement of directors' responsibilities in respect of the financial statements**

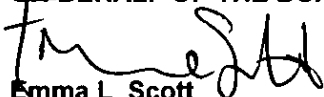
The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 IFRSs as adopted by the European Union and IFRSs issued by the IASB 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 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.

**ON BEHALF OF THE BOARD**



**Emma L. Scott**

Director

23 September 2011

## **CORFE HILL LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORFE HILL LIMITED**

We have audited the financial statements of Corfe Hill Limited for the year ended 31 December 2010, which comprise, the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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.

#### **Scope of the audit of the financial statements**

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.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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.

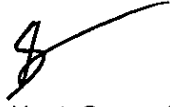
**CORFE HILL LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORFE HILL LIMITED (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

  
Simon Hunt, Senior Statutory Auditor  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

**23** September 2011



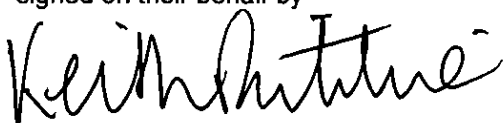
**CORFE HILL LIMITED**  
**REGISTERED NUMBER: 6455235**

**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2010

	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Interest receivable	4	67	59
Cash and cash equivalents	5	247,472	246,446
<b>TOTAL ASSETS</b>		<u>247,539</u>	<u>246,505</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	6	235,000	235,000
Retained earnings		12,190	11,201
<b>TOTAL EQUITY</b>		<u>247,190</u>	<u>246,201</u>
<b>Current liabilities</b>			
Income tax liabilities		349	304
<b>TOTAL LIABILITIES</b>		<u>349</u>	<u>304</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>247,539</u>	<u>246,505</u>

The above statement of financial position should be read in conjunction with the accompanying notes on pages 11 to 16

The financial statements on pages 7 to 16 were approved by the directors on 23 September 2011 and signed on their behalf by



**Keith A. Ritchie**  
Director

**CORFE HILL LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2010

	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Interest income	7	1,373	2,196
<b>Profit before income tax</b>		<b>1,373</b>	<b>2,196</b>
Income tax expense	11	(384)	(615)
<b>Profit and total comprehensive income</b>		<b>989</b>	<b>1,581</b>

The results above are all derived from continuing activities

The above statement of comprehensive income should be read in conjunction with the accompanying notes on pages 11 to 16

**CORFE HILL LIMITED****STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital £'000</b>	<b>Retained Earnings £'000</b>	<b>Total £'000</b>
Balance at 31 December 2008	235,000	9,620	244,620
<b>Comprehensive income</b>			
Profit and total comprehensive income	-	1,581	1,581
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2009	235,000	11,201	246,201
<b>Comprehensive income</b>			
Profit and total comprehensive income	-	989	989
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	<u>235,000</u>	<u>12,190</u>	<u>247,190</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 11 to 16

**CORFE HILL LIMITED****CASH FLOW STATEMENT**

For the year ended 31 December 2010

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	1,373	2,196
Net (increase) / decrease in interest receivable	(8)	223
Corporation tax payments	(339)	(1,988)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,026</b>	<b>431</b>
Cash and cash equivalents at beginning of year	246,446	246,015
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>247,472</b>	<b>246,446</b>

The above cash flow statement should be read in conjunction with the accompanying notes on pages 11 to 16

## **CORFE HILL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

#### **1. ACCOUNTING POLICIES**

The Company is a limited liability company and is domiciled in the United Kingdom

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **(a) Basis of accounting**

These financial statements have been prepared in accordance with IFRSs as adopted by the European Union, and comply with IFRSs issued by the IASB, and the requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis. They have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies.

The preparation of financial statements in conformity with IFRSs as adopted by the European Union requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies (see note 3 – Critical accounting estimates and judgements).

##### *Standards, interpretations and amendments to published standards effective in 2010*

In 2010 the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2010. The adoption of these revisions to the requirement of IFRSs as adopted by the European Union did not result in substantial changes to the Company's accounting policies.

##### *Standards, interpretations and amendments to published standards that are not yet effective*

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2010. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the European Union and the Company's directors are of the opinion that, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

##### *Standards, interpretations and amendments to published standards not early adopted*

Revised IAS 24(revised), "Related party disclosures" issued in November 2009. It Supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Early application, in whole or part, is permitted. However, the standard has not yet been endorsed by the European Union.

##### **(b) Functional and presentational currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

## **CORFE HILL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2010

#### **1. ACCOUNTING POLICIES (continued)**

##### **(c) Financial instruments**

Financial liabilities are measured at amortised cost. The Company's financial assets, consisting of deposit held with its intermediate parent company and interest thereon, are classified as cash and cash equivalents. Cash and cash equivalents are recognised initially at cost (including direct and incremental transaction costs) and subsequently measured at amortised cost using the effective interest method.

##### **(d) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, deposit held at call with banks and other short term deposits with maturities of three months or less from the end of the reporting period. All such balances are held with Bank of America, N A, the Company's intermediate parent company.

##### **(e) Share capital**

Ordinary shares are classified as equity.

##### **(f) Financial reporting by segments**

The Company derives operating revenue from one principal business activity, acting as an investment company. The Company's income is all generated in the United Kingdom. Accordingly, segmental data has not been disclosed.

##### **(g) Revenue recognition**

Interest receivable and similar income is recognised on an accruals basis using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

##### **(h) Taxation**

Current tax, including UK corporation tax and foreign taxes, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the reporting period date.

Deferred tax is recognised as a liability or an asset if, prior to the reporting period date, the Company has entered into transactions or events have occurred that give rise to timing differences giving the Company an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that they are regarded as recoverable.

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 reporting period date.

## **CORFE HILL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2010

#### **2. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risk: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management for the overall Company is the responsibility of the board.

##### **Market risk**

Interest rate risk is the risk of losses resulting from movements in interest rates. The Company's main exposure to interest rate risk is through deposits placed with its intermediate parent company, Bank of America N A.

The interest income on the time deposits is based on the British Bankers' Association interest rate fixings. A 0.5% movement in the interest rate would result in a £1,237,000 (2009: £1,232,000) movement in the Company's profit before income tax.

##### **Credit risk**

Credit risk is the potential risk of financial loss arising from the failure of a counterparty to settle its financial and contractual obligations. The directors consider this risk to be minimal due to the fact that the Company's only counterparty is the intermediate parent company, Bank of America N A. No financial assets are past due or impaired.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The directors consider this risk to be minimal due to the fact that the Company's only risk is an obligation to settle corporation tax payable. The amount of these obligations is not material.

##### **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its parent and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may change the amount of dividends paid to its immediate parent company, return capital to its immediate parent company, issue new shares or sell assets to reduce debt.

**CORFE HILL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2010

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1

	2010 £'000	2009 £'000
<b>4. INTEREST RECEIVABLE</b>		
Interest receivable on deposit	<u>67</u>	<u>59</u>

The deposit is held with Bank of America N A , the Company's intermediate parent company

	2010 £'000	2009 £'000
<b>5. CASH AND CASH EQUIVALENTS</b>		
Short term deposit held at Bank of America, N A	<u>247,472</u>	<u>246,446</u>

Interest bearing pounds sterling deposit held with Bank of America, N A , the Company's intermediate parent company, for the amount of £247,472,000 (2009 £246,446,000) The deposit matures on 17 January 2011 Interest is earned at the one month GBP LIBOR rate At the end of the reporting period the interest rate on the deposit was 0.58188% (2009 0.51500%)

	2010 £'000	2009 £'000
<b>6. SHARE CAPITAL</b>		
Issued		
235,000,000 ordinary share of £1 fully paid	<u>235,000</u>	<u>235,000</u>

	2010 £'000	2009 £'000
<b>7 INTEREST INCOME</b>		
Interest earned on deposit	<u>1,373</u>	<u>2,196</u>

Interest is earned on the deposit placed with Bank of America N A , the Company's intermediate parent company



## **CORFE HILL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2010

#### **8. REMUNERATION OF AUDITORS**

Statutory auditors' fees of £7,000 (2009 £6,000) are paid by an intermediate parent company, Bank of America, N A. The auditors did not receive any other benefits in respect of their audit and other services (2009 £nil)

#### **9. DIRECTORS' REMUNERATION**

No director received any remuneration for services as a director of the Company during the year (2009 £nil)

The directors have not at any time during the year held any beneficial interest in the shares of the Company or any other group company incorporated in the United Kingdom

#### **10. EMPLOYEES**

The Company did not have any employees during the year (2009 £nil)

#### **11. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Current tax

UK corporation tax based on the profit for the year at 28%  
(2009 28%)

2010  
£'000

2009  
£'000

384

615

There is no difference between the tax charge for the year shown above, and the profit on ordinary activities multiplied by the UK corporation tax rate of 28% (2009 28%)

#### **12. RELATED PARTY INFORMATION**

##### **(a) Group entities**

The Company is a wholly owned subsidiary of Carrington Limited, a company incorporated in the United Kingdom

##### **(b) Key management personnel**

The board of directors represents key management personnel. A list of directors who served throughout the year is set out in note 4 of the directors' report on page 3. No director received any remuneration for services as a director of the Company during the year (2009 £nil)

##### **(c) Transactions with related parties**

Period end balances with related parties are disclosed in notes 4 and 5 to these financial statements

Interest received from related parties is disclosed in note 7 to these financial statements

**CORFE HILL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2010

**13. ULTIMATE CONTROLLING PARTY**

The ultimate parent company is Bank of America Corporation which is incorporated in the United States of America. This is the largest group to prepare consolidated financial statements which include the financial statements of the Company.

The immediate parent company is Carrington Limited, a company incorporated in the United Kingdom, is the smallest group into which the Company's results are consolidated.

Copies of the financial statements of Bank of America Corporation can be obtained from the Corporate Secretary's office, 214 North Tryon Street, Charlotte, North Carolina, 28255, U S A.

Copies of the financial statements of Carrington Limited can be obtained from the Corporate Secretary's office, 2 King Edward Street, London EC1A 1HQ.