Registered Number 07117181

GOSFORTH MORTGAGES TRUSTEE 2011-1 LIMITED
Annual Report and Accounts
31 December 2013

TABLE OF CONTENTS

COMPANY INFORMATION

DIRECTORS	F Williamson L D C Securitisation Director No 1 Limited L D C Securitisation Director No 2 Limited
COMPANY SECRETARY	Law Debenture Corporate Services Limited
COMPANY NUMBER	07117181
REGISTERED OFFICE	Fifth Floor 100 Wood Street London EC2V 7EX
AUDITOR	KPMG LLP 15 Canada Square London E14 5GL

STRATEGIC REPORT
For the year ended 31 December 2013

The Directors present their Strategic Report for the year ended 31 December 2013

Gosforth Mortgages Trustee 2011-1 Limited (the "Company") forms part of a securitisation structure that was established primarily as a means of raising funding for Virgin Money plc

The principal activity of the Company is to hold the legal interest in certain property on trust absolutely for the beneficial owners of that property The trust property comprises a portfolio of loans secured on residential property in England, Scotland and Wales, interest and principal paid by borrowers on those loans, and all other amounts received under those loans The beneficial owners of the trust property are Virgin Money plc, the seller of the trust property and Gosforth Funding 2011-1 plc, a fellow subsidiary company The Company has no beneficial interest in the trust property All income from the trust property is distributed to the beneficial owners in proportion to their share of the trust property owned No future changes in activity are envisaged The registered office is the same as the ultimate parent company

The activities of the Company and of the Gosforth Holdings 2011-1 Limited group (of which the company is a subsidiary) are managed in accordance with the securitisation transaction documents which can be found at the website address http //bank virginmoney com/investor-relations/securitisation

Since its incorporation, the Company has not engaged in any material activity other than those incidental to the settlement of the Trust Property on the Mortgages Trustee

The results for the year are set out on page 9 All income and expenditure relating to the assets of the Company is distributed to the beneficial owners of the Trust property, therefore the Company has made no profit or loss

The Company's performance indicators are included within the monthly investor report, which is available on the website address detailed above

The key performance indicators used by management are predominantly consideration of whether there have been breaches of the transaction documents, however there are certain specific tangible measures which are verified and which are relevant to the Company including assessing whether

- Expected available revenue income is sufficient to meet interest payable in respect of AAA notes,

- All counterparties involved in the transaction have a rating that remains adequate to support their ongoing roles in the programme

The Company has met these requirements throughout the current year and prior period

During the year, the Company reviewed its exposure to third party banks and following this, entered into an additional Guaranteed Investment Contract at a suitably rated third party bank to diversify this exposure

The future results of the Company are determined by the pool of loans which it holds in trust for Gosforth Funding 2011-1 plc ("the issuer") Any significant changes in the level of the underlying mortgage redemptions or removals will have an impact upon the Company's principal receipts and ultimately the share of this amount received by the issuer A significant increase in arrears and/or repossession losses could also affect future results

STRATEGIC REPORT
For the year ended 31 December 2013

Unless previously redeemed in full the issuer shall redeem each class of notes at their then principal amount outstanding together with all accrued interest on the final maturity date There is a provision for the issuer to optionally redeem the notes in full before the final maturity day of 24 April 2047 as follows

- On the relevant Step-Up Date for a Class of Notes and having given not more than 30 nor fewer than five days' prior written notice to the Company and the Note holders of that relevant Class of Notes,

- On any Payment Date on which the aggregate Sterling Equivalent Principal Amount Outstanding of the Notes is less than 10 per cent of the aggregate Sterling Equivalent Principal Amount Outstanding of the Notes as at the Closing Date and having given not more than 30 nor fewer than five days' notice to the Company and the Note holders

The notes have a final redemption date of 24 April 2047, with a call option on 24 April 2016 at which point the issuer may choose to redeem the outstanding notes If the call option is not exercised on this date, there is a doubling of the margin Market practice dictates that the call option is likely to be exercised

THE SERVICER AND THE ADMINISTRATION AGREEMENT
The Company and the beneficial owners of the Trust property have appointed Virgin Money plc under the terms of the administration agreement as the servicer of the mortgage loans The ability of the Company to make the payments due to the beneficial owners of the Trust property is in part dependent upon the servicer administering the mortgage balances (which form the Trust property) and transactions affecting the mortgage balances in a prompt and accurate manner

The servicer administers and services the mortgage loans and their related security in accordance with its administration, arrears and enforcement policies and procedures (collectively referred to as the "administration procedures")

Administration procedures include monitoring compliance with and administering the mortgage loan features and facilities applicable to the mortgage loans, responding to customer inquiries and management of mortgage loans in arrears

The appointment of the servicer may be terminated by the Company or the Security Trustee immediately upon written notice to the servicer, on the occurrence of certain events (each a "servicer termination event") including the occurrence of an insolvency event in relation to the servicer

Upon termination of the servicer, the Security Trustee has agreed to use its reasonable endeavours to appoint a substitute servicer

PRINCIPAL RISKS AND UNCERTAINTIES
In order to manage and control its risks, the Company has implemented a comprehensive set of policies and procedures The manner in which the principal risks faced by the Company are mitigated is described below

- **Interest rate risk** arises as a result of timing differences on the re-pricing of assets and liabilities, unexpected changes in the slope and shape of yield curves and changes in the correlation of interest rates between different financial instruments (often referred to as basis risk) The Company is only obliged to distribute what it receives to the beneficial owners of the Trust property, hence there is no interest rate risk

- **Credit risk** the exposure to loss if another party fails to meet its financial obligations to the Company, including failing to perform them in a timely manner The Company's only exposure is represented by cash deposits with third party banks If these deposit were not recoverable, this may affect the

STRATEGIC REPORT
For the year ended 31 December 2013

Company's ability to meet financial obligations due to the beneficial owners of the Trust property The Company's policy is to continually review the ratings of third party banks to ensure that they meet the ratings required by the transaction documents and monitor exposure levels at each bank

- **Liquidity risk** arises from a mismatch in the cash flows generated from current and expected assets, liabilities and derivatives The Company's policy is to ensure that all cash received and held for distribution to the beneficial owners of the Trust property is deposited on demand terms so that distributions can be made in a prompt fashion

- **Operational risk:** the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events including legal risk This risk is mitigated by monitoring compliance with the transaction documents This function is outsourced to Virgin Money plc

This report was approved by the Board on 2 April 2014 and signed on its behalf by

For and on behalf of Law Debenture Corporate Services Limited, Company Secretary
Company registered office
Fifth Floor
100 Wood Street
London
EC2V 7EX

DIRECTORS' REPORT
For the year ended 31 December 2013

The Directors present their report and the financial statements for the year ended 31 December 2013

DIVIDENDS
Dividends of £nil were declared and paid during the year (2012 £nil) The Directors do not recommend a final dividend for the year (2012 £nil)

DIRECTORS AND THEIR INTERESTS
The current composition of the Board of Directors is as follows

L D C Securitisation Director No 1 Limited
L D C Securitisation Director No 2 Limited
Finlay Williamson

There have been no appointments or retirements during the year and up to the date of this report

None of the Directors had a beneficial interest in the shares of the Company, or of the ultimate holding company, The Law Debenture Intermediary Corporation plc

COMPANY SECRETARY
Law Debenture Corporate Services Limited

EMPLOYEES
The Company does not have any employees (2012 nil)

GOING CONCERN
Due to the way in which the securitisation is structured, the Company is only required to repay the issued Notes in line with the principal repayment of the underlying mortgage loans Consequently, the Directors are satisfied that the Company will have sufficient liquid resources available to meet its obligations as they fall due

After reviewing forecasts and the latest performance of the underlying mortgages, the Directors are satisfied that the Company will have adequate resources to continue in business for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations

Company Law requires the Directors to prepare company financial statements for each financial year Under that law the Directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU 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 their profit or loss for that period In preparing the Company 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, and
- state whether they have been prepared in accordance with IFRS as adopted by the EU

DIRECTORS' REPORT
For the year ended 31 December 2013

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 its Financial Statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as every Director is aware at the date of this report, there is no relevant audit information needed in preparation of the auditor's report of which the auditor is not aware The Directors have taken the steps they need to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is also aware of that information

This report was approved by the Board on 2 April 2014 and signed on its behalf by

For and on behalf of Law Debenture Corporate Services Limited, Company Secretary

Company registered office
Fifth Floor
100 Wood Street
London
EC2V 7EX

Registered No 07117181

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOSFORTH MORTGAGES TRUSTEE 2011-1 LIMITED

We have audited the financial statements of Gosforth Mortgages Trustee 2011-1 Limited for the year ended 31 December 2013 set out on pages 9 to 22 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 to 6, 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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

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 2013 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOSFORTH MORTGAGES TRUSTEE 2011-1 LIMITED

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 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, 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

John Ellacott (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

2 April 2014

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Interest and similar income	2	-	-
Net interest income		-	-
Administrative expenses	3	-	-
Profit before taxation		-	-
Taxation	4	-	-
Profit and total comprehensive income for the period attributable to equity shareholders		-	-

The profit is derived from continuing operations and all activities are in the UK

The notes on pages 13 to 22 form an integral part of these financial statements

BALANCE SHEET
As at 31 December 2013

	Note	2013 £'000	2012 £'000
Assets			
Cash and cash equivalents	6	**17,930**	19,410
Receivables	7	**1,096**	-
Total assets		**19,026**	19,410
Liabilities			
Payables	8	**19,026**	19,410
Total liabilities		**19,026**	19,410
Equity			
Share capital	9	**-**	-
Retained earnings		**-**	-
Total equity		**-**	-
Total equity and liabilities		**19,026**	19,410

The notes on pages 13 to 22 form an integral part of these financial statements

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 2 April 2014

For and on behalf of L D C Securitisation Director No 1 Limited
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share Capital £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2012	-	-	-
Profit and total comprehensive income for the year	-	-	-
Balance as at 31 December 2012	-	-	-
Balance at 1 January 2013	-	-	-
Profit and total comprehensive income for the year	-	-	-
Balance as at 31 December 2013	-	-	-

The notes on pages 13 to 22 form an integral part of these financial statements

CASH FLOW STATEMENT
For the year ended 31 December 2013

	2013 £'000	2012 £'000
Cash flows from operating activities		
Operating profit for the year	-	-
Increase in receivables	(1,096)	-
Decrease in payables	(384)	(16,360)
Net cash from operating activities	(1,480)	(16,360)
Net decrease in cash and cash equivalents	(1,480)	(16,360)
Cash and cash equivalents at 1 January	19,410	35,770
Cash and cash equivalents at 31 December 2013	17,930	19,410

Operating activities are the principal revenue producing activities of the Company and other activities which are not investing or financing activities

The notes on pages 13 to 22 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1. ACCOUNTING POLICIES

1.1 Reporting entity
Gosforth Mortgages Trustee 2011-1 Limited is a company incorporated and registered in England and Wales

1 2 Basis of preparation and Measurement
The financial statements, which should be read in conjunction with the Directors' Report and Strategic Report have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

The financial statements have been prepared under the historical cost convention

The accounting policies set out have been applied consistently to all periods presented in these financial statements

1.3 Interest and similar income
Interest and similar income represents the interest income received on the bank accounts held by the Company Interest and similar income are recognised in the Statement of Comprehensive Income for all instruments measured at amortised cost using the effective interest method All income relating to the assets of the Company is distributed to the beneficial owners of the Trust property

1.4 Administrative expenses
All administrative expenses are recharged to the beneficial owners of the Trust property

1 5 Mortgage loans held on trust for the beneficial owners of the Trust property
The Company retains none of the risks and rewards associated with the mortgage loans held on trust for the beneficial owners of the Trust property Recourse to the beneficial owners of the Trust property is limited to the cash flows from the mortgage loans All cash flows and losses arising from the mortgage loans are distributed to the beneficial owners in accordance with the securitisation transaction documents

1.6 Deferred consideration
Deferred consideration is the deferred portion of the purchase price for the mortgage portfolio payable by the Company to the Seller on each quarterly payment date It is equal in amount to the amount of deferred contribution payable by Gosforth Funding 2011-1 plc to the Company on each such date Accordingly such amounts collected by the Company and passed on to the Seller are not recognised as revenue of the Company

1 7 Share capital
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds Final dividends on shares are recognised in equity in the period in which they are approved by the Company's shareholders or paid

1 8 Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition

The cash flow statement is prepared using the indirect (net) method of preparation

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1 ACCOUNTING POLICIES (CONTINUED)

1.9 Taxation
Income tax payable on taxable profits ('current tax') is recognised as an expense in the period in which the profits arise

1 10 Segmental reporting
The Directors of the Company consider that the Company has one operating segment and therefore is not required to produce additional segmental disclosure

1 11 Accounting developments
The following new standards, amendments to standards or interpretations are mandatory for the first time for financial years during 2013 and have been endorsed for adoption by the EU These are applicable from 1 January 2013 unless otherwise stated

Pronouncement	Impact of change
IFRS 13, Fair value measurement	IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities
Amendments to IAS 1, Other comprehensive income	The Company has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be Comparative information has also been re-presented The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Company

No other standards that are applicable in the period have a material impact on the financial statements

1.12 Standards, interpretations and amendments to published standards that are not yet effective and the early adoption of standards
The Company has not early adopted any standards or interpretations during 2013

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 as endorsed by the EU, and have not been applied in preparing these consolidated financial statements Those which may be relevant to the Company are set out below

Pronouncement	Nature of change	Effective date
Amendment to IAS 32, Financial Instruments Presentation on offsetting financial assets and financial liabilities	The Amendments to IAS 32 clarify the offsetting criteria when an entity currently has a legal right to set off and when gross settlement is equivalent to net settlement This amendment is not expected to have a significant impact on the Company when adopted Retrospective application is required on adoption of this standard	Annual reporting periods beginning on or after 1 January 2014

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1 ACCOUNTING POLICIES (CONTINUED)

The following new standards and amendments to standards or interpretations that are relevant to the Company have been issued but are not effective for financial years beginning 1 January 2013 and have not yet been endorsed by the EU

Pronouncement	Nature of change	Effective date
IFRS 9 Financial Instruments (2009), IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2013)	IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets and IFRS 9 (2010) introduces additional requirements relating to financial liabilities Under IFRS 9 (2009), financial assets are classified and measured on the business model in which they are held and the characteristics of their contractual cash flows IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss Together these changes represent the first phase of the planned replacement of IAS 39 Financial Instruments Recognition and Measurement Phase 3 of IFRS 9 introduces new requirements for hedge accounting in IFRS 9 (2013) This amendment aligns hedge accounting more closely with risk management The requirements also establish a principles based approach to hedge accounting and address inconsistencies and weaknesses in IAS 39 Phase two of the IFRS 9 project will address the impairment of financial assets IFRS 9 is required to be applied retrospectively, but prior periods need not be restated The adoption of IFRS 9 is expected to have a material impact on the Company's financial statements, but this impact has not yet been quantified, as there are still revisions to the standard being proposed and no effective date has been set	The effective date has been withdrawn

2 INTEREST AND SIMILAR INCOME

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Bank interest receivable	**25**	93
Bank interest allocated to the beneficial owners of the Trust property	**(25)**	(93)
	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

3 ADMINISTRATIVE EXPENSES

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Auditor's remuneration - statutory audit services	**4**	4
Other administrative expenses	**643**	799
Expenses recharged to the beneficial owners of the Trust property	**(647)**	(803)
	-	-

Other administrative expenses primarily relate to the fee payable to the administrator (Virgin Money plc) in payment for the administering of the mortgage loans

The Company has no employees (2012 None) No emoluments were paid to the Directors for their services to the Company during the year A management fee for administration services is charged by Virgin Money plc (see Note 11) for a range of services including the provision of F Williamson A management fee of £5,000 (2012 £5,000) per annum is also charged by Law Debenture Corporate Services for a range of services including provision of L D C Securitisation Director No 1 and L D C Securitisation Director No 2 The Company's audit fee is initially billed to Virgin Money plc and then subsequently recharged to the Company There were no non-audit fees paid to the Company's auditor during the year (2012 Nil)

4 TAXATION

Analysis of tax charge in the year

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Current tax:		
UK corporation tax on taxable profit for the year	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

5 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY MEASUREMENT BASIS

2013	Financial liabilities at amortised cost £'000	Loans and receivables £'000	Total £'000
Financial assets			
Cash and cash equivalents	-	17,930	17,930
Receivables	-	1,096	1,096
Total financial assets	-	19,026	19,026
Financial liabilities			
Payables	19,026	-	19,026
Total financial liabilities	19,026	-	19,026

2012	Financial liabilities at amortised cost £'000	Loans and receivables £'000	Total £'000
Financial assets			
Cash and cash equivalents	-	19,410	19,410
Total financial assets	-	19,410	19,410
Financial liabilities			
Payables	19,410	-	19,410
Total financial liabilities	19,410	-	19,410

6 CASH AND CASH EQUIVALENTS

	2013 £'000	2012 £'000
Cash and cash equivalents	17,930	19,410

The Company holds deposits of £16,880,000 (2012 £nil) and £1,051,000 (2012 £19,410,000) under Guaranteed Investment Contracts at suitably rated banks which pay variable rates of interest based upon one month Sterling LIBOR

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

7. RECEIVABLES

	2013 £'000	2012 £'000
Amounts owed by group undertakings	1,093	-
Accrued interest	3	-
	1,096	-

8 PAYABLES

	2013 £'000	2012 £'000
Amounts due to beneficial owners of Trust property	19,021	19,410
Accruals and deferred income	5	-
	19,026	19,410

All beneficial owners of the Trust Property are related parties and the full balance has been repaid on 10 January 2014

9. SHARE CAPITAL

	2013 £	2012 £
Issued and fully paid share capital		
1 ordinary share of £1	1	1

All share capital was issued at par and was fully paid up No dividends were paid during 2013 or 2012

10 FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties faced by the Company are set out in the Strategic Report on pages 3 and 4 Each of the major risk categories is listed below together with a brief description of the risk management framework

Risk management

In order to manage and control its risks, the Company has implemented a comprehensive set of policies and procedures The manner in which the principal risks faced by the Company are mitigated is described below

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credıt rısk
"Credıt rısk" ıs the exposure to loss ıf another party faıls to meet ıts financıal oblıgatıons to the Company, ıncludıng faılıng to perform them ın a tımely manner The Company's only exposure ıs represented by cash deposıts wıth thırd party banks If these deposıts were not recoverable, thıs may affect the Company's abılıty to meet financıal oblıgatıons due to the beneficıal owners of the Trust property

Concentratıon rısk
"Concentratıon rısk" refers to any exposure wıth the potentıal to produce losses large enough to threaten the Company's abılıty to maıntaın ıts core operatıons Thıs would ınclude exposures to ındıvıdual counterpartıes and counterpartıes ın specıfic geographıcal locatıons based on the domıcıle of the counterparty

The Company's credıt exposure lıes solely ın the UK ın both 2013 and 2012

Lıquıdıty rısk
"Lıquıdıty rısk" arıses from a mısmatch ın the cash flows generated from current and expected assets and lıabılıtıes Assets avaılable to meet all of the lıabılıtıes as they fall due are cash and cash equıvalents The table below analyses the Company's assets and lıabılıtıes ınto relevant maturıty groupıngs based on the remaınıng perıod at the balance sheet date to the contractual maturıty date

2013	Wıthın 3 months £'000	After 3 months but wıthın 6 months £'000	After 6 months but wıthın 1 year £'000	After 1 year but wıthın 5 years £'000	After 5 years £'000	Total £'000
Assets						
Cash and cash equıvalents	17,930	-	-	-	-	17,930
Receıvables	1,096	-	-	-	-	1,096
Total assets	19,026	-	-	-	-	19,026
Lıabılıtıes						
Payables	19,026	-	-	-	-	19,026
Total lıabılıtıes	19,026	-	-	-	-	19,026
Net lıquıdıty gap	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

2012	Withın 3 months £'000	After 3 months but wıthın 6 months £'000	After 6 months but wıthin 1 year £'000	After 1 year but wıthın 5 years £'000	After 5 years £'000	Total £'000
Assets						
Cash and cash equıvalents	19,410	-	-	-	-	19,410
Total assets	19,410	-	-	-	-	19,410
Lıabılıtıes						
Payables	19,410	-	-	-	-	19,410
Total lıabılıtıes	19,410	-	-	-	-	19,410
Net lıquıdıty gap	-	-	-	-	-	-

Fair values of non derıvatıve financial assets and lıabılıtıes
The followıng table summarıses the carryıng amounts and faır values of those financıal assets and lıabılıtıes not presented on the Company's balance sheet at their faır value

	2013 Level 1 £'000	2013 Level 2 £'000	2013 Level 3 £'000	2013 Fair Value £'000	2013 Book Value £'000	2012 Faır Value £'000	2012 Book Value £'000
Fınancıal assets							
Cash and cash equıvalents	-	17,930	-	17,930	17,930	19,410	19,410
Receıvables	-	1,096	-	1,096	1,096	-	-
Fınancial lıabilıtıes							
Payables	-	19,026	-	19,026	19,026	19,410	19,410

Level 1 Quoted prıces (unadjusted) ın actıve markets for ıdentıcal assets or lıabılıtıes
Level 2 Inputs other than quoted prıces ıncluded wıthın Level 1 that are observable for the asset or lıabılıty, eıther dırectly (ı e as prıce) or ındırectly (ı e derıved from prıces)
Level 3 Inputs for the asset or lıabılıty that are not based on observable market data (unobservable ınputs)

Faır value of cash and cash equıvalents approxımates to carryıng value because they have no hıstory of credıt losses and are short term ın nature or reprıce frequently

Faır value of receıvables and payables approxımates to carryıng value because they represent balances that are non ınterest bearıng and expected to settle wıthın a short tıme perıod

Interest rate rısk
"Interest rate rısk" arıses as a result of tımıng dıfferences on the re-prıcıng of assets and lıabılıtıes, unexpected changes ın the slope and shape of yıeld curves and changes ın correlatıon of ınterest rates between dıfferent financıal ınstruments (often referred to as basıs rısk)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate profile of financial assets and liabilities

2013	Floating rate £'000	Non interest bearing £'000	Total £'000
Assets			
Sterling	**17,930**	**1,096**	**19,026**
Liabilities			
Sterling	-	**19,026**	**19,026**

Interest rate profile of financial assets and liabilities

2012	Floating rate £'000	Non interest bearing £'000	Total £'000
Assets			
Sterling	19,410	-	19,410
Liabilities			
Sterling	-	19,410	19,410

All floating rate assets re-price monthly

11. RELATED PARTY TRANSACTIONS

The Company is considered a subsidiary of Virgin Money plc for accounting purposes under IFRS on the basis of risks and rewards held and consequently the Directors of the Company consider Virgin Money plc to be a related party A number of transactions are entered into with Virgin Money plc as part of the Company's normal day to day business

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Administrative expenses		
Cash manager fee	**16**	17
Administrator fees	**577**	752
	593	769

The administrator fee and the cash manager fee are both allocated between Virgin Money plc (the seller) and Gosforth Funding 2011-1 plc (the issuer)

At 31 December 2013 the Company owed £17,778,704 (2012 £19,410,000) to the issuer relating to cash held in trust

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a subsidiary of Gosforth Holdings 2011-1 Limited, a company registered in England and Wales The smallest group to consolidate the results of the Company is Gosforth Holdings 2011-1 Limited These accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ

The Company's ultimate parent is The Law Debenture Intermediary Corporation plc, a company registered in England and Wales, the shares being held under a trust arrangement Copies of the financial statements of The Law Debenture Intermediary Corporation plc may be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ The Company does not consider The Law Debenture Intermediary Corporation plc to be the controlling party

Under IFRS, the Company's financial statements are consolidated into the financial statements of Virgin Money Holdings (UK) Limited on the basis of risks and rewards held This is the largest group to consolidate the results of the Company Copies of Virgin Money Holdings (UK) Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ

The Company's ultimate controlling party is Virgin Money Holdings (UK) Limited