

**Company Registration Number: 08383234**

**ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO  
31 DECEMBER 2013**

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**ASSET- BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO  
31 DECEMBER 2013**

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**ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>Directors</b>	Mr M H Filer Wilmington Trust SP Services (London) Limited
<b>Company secretary</b>	Wilmington Trust SP Services (London) Limited
<b>Company number</b>	08383234
<b>Registered office</b>	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
<b>Auditor</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

# **ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

**REGISTERED NO. 08383234**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013**

The Directors present their report and the audited financial statements of Asset-Backed European Securitisation Transaction Eight plc ("the Company") for the period from incorporation on 31 January 2013 to 31 December 2013.

#### **DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The Directors who served the Company during the period, together with their beneficial interests in the shares of the Company, were as follows:

Mr M H Filer – appointed on 31 January 2013

Wilmington Trust SP Services (London) Limited – appointed on 31 January 2013

Wilmington Trust SP Services (London) Limited holds 49,999 shares in the Company under a nominee Declaration of Trust, for charitable purposes. No other director holding office during the period was beneficially interested in the shares of the Company.

#### **CREDITOR PAYMENT POLICY**

The Company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. All creditors are paid in accordance with the payments priorities set out in the Offering Circular on the respective monthly payment dates.

#### **GOING CONCERN**

The Company has considerable financial resources in the form of cash which more than covers any current liabilities for which the Company is presently obligated and this has continued post period end with the Company maintaining its level of cash resources. The Company's going concern is dependent on the performance of the underlying portfolio of auto loans for which the risks and rewards have been retained by the Originator, FGAC UK. Accordingly, in case of defaults, the related amounts are received from FGAC UK in accordance with the Defaulted Receivables Put Option ("DRPO") clause of the Receivables Purchase Agreement. The terms of the loan notes issued by the Company and associated securitisation arrangements are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the annual report and financial statements of the Company have been prepared on the going concern basis.

Subsequent to the period-end, the Company continued to cover its current liabilities from cash received from the portfolio of auto loans. Subsequent to the period-end, the Company had redeemed £76,332,253 of its loan notes up to the date of this report, which was covered from cash received from the portfolio of auto loans.

#### **CORPORATE GOVERNANCE STATEMENT**

The Directors are responsible for internal control at the Company and for reviewing the effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable the Company to comply with the regulatory obligations. For further details, refer to notes to the financial statements particularly note 16 on financial risk management.

#### **DIRECTORS' LIABILITIES**

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

#### **DONATIONS**

The Company made no political or charitable donations or incurred any political expenditure during the period.

# **ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

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

### **FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013**

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

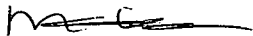
The Directors confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- having made inquiries of fellow Directors and the Company's auditor, each of the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **AUDITORS**

Ernst & Young LLP were appointed by the Directors as the first auditor of the Company. A resolution to re-appoint Ernst & Young LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

By order of the Board



Mignon Clarke for and on behalf of Wilmington Trust SP Services (London) Limited  
Director  
Date: 25 June 2014

# **ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

## **STRATEGIC REPORT**

### **FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013**

The directors present their strategic report of Asset-Backed European Securitisation Transaction Eight plc ("the Company") for the period from incorporation on 31 January 2013 to 31 December 2013.

#### **GENERAL**

The principal activity of the Company is that of a securitisation vehicle. On 11 April 2013, and in accordance with an Offering Circular, the Company issued £260,100,000 Floating Rate Notes (the "Notes") due for repayment in June 2019. The issue of the loan notes was split into two classes, being £218,800,000 of Class A Notes (the "Class A Notes") and £41,300,000 of Class B Notes (the "Class B Notes"). On the same date, the Company was granted a subordinated loan, split into three tranches, totalling £44,109,363, by the Originator, FGA Capital UK Limited ("FGAC UK"), a company incorporated in England and Wales.

The Notes are listed on the Luxembourg Stock Exchange.

Under the terms of the Receivables Purchase Agreement, dated 11 April 2013, the proceeds from the issue of the loan notes and a drawing from a subordinated loan were used by the Company to have assigned to it the right, title and interest in a portfolio of auto loans originated by FGAC UK. The portfolio of auto loans relates to financing pursuant to hire purchase agreements, personal contract purchasing agreements and leasing products.

The Receivables Purchase Agreement grants the Company the right to require the Originator, FGAC UK to repurchase any defaulted receivables past due for over 180 days and any voluntarily terminated receivables. Accordingly, substantially all the risks and rewards of the portfolio of auto loans sold to the Company have been retained by FGAC UK, and therefore they are retained on the balance sheet of the Originator. The Company records in its statement of financial position a receivable from the Originator ("loan to Originator"), rather than the portfolio of auto loans it has legally purchased.

#### **REVIEW OF THE BUSINESS**

The results for the period and the Company's financial position at the end of the period are shown in the attached financial statements. The profit on ordinary activities after taxation for the period was £18,442 principally as a result of a fair value gain of £15,882, in relation to a derivative financial instrument. The fair value on the derivative is expected to be zero on maturity of the derivative when the notional amount amortises to zero. However, the fair valuation does not impact the cash flows of the Company and the underlying profit for the year before tax, excluding the effect of the derivative movement for the year, was £3,200.

A key performance indicator of the business is considered by the Directors to be total assets, which at year end were £168,642,480. Other key performance indicators include: net interest margin of 86.4% and gearing ratio of 99.43%.


#### **FUTURE DEVELOPMENTS**

The directors have no plans to expand the existing operations of the Company.

#### **RISK MANAGEMENT**

Due to repayments decreasing the principal value of the portfolio of auto loans each year, the Notes, interest income and interest expense are expected to decrease in future years. The rate of decrease is dependent on the performance of the portfolio of auto loans and future redemptions. The Company's responsibility to make cash payments under the terms of the Offering Circular is limited to the funds available from its interest in the portfolio of auto loans and accordingly the Company is insulated from liquidity risk as the portfolio risks have been retained by FGAC UK. For more details on the financial risk management of the Company refer to note 15.

By Order of the Board

  
Mignon Clarke for and on behalf of Wilmington Trust SP Services (London) Limited  
Director  
Date: 25 June 2014

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare financial statements under International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU).

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 the financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the EU is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state whether the Company financial statements have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements.

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 Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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.

The Directors are also responsible for preparing the Directors' Report in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Disclosure and Transparency Rules.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

We have audited the financial statements of Asset-Backed European Securitisation Transaction Eight plc ("the Company") for the period from incorporation on 31 January 2013 to 31 December 2013 which comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union (IFRS 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 Statement of Directors' Responsibilities set out on page 5, 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**

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. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 profit for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU;
- 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 and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **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.

*Ernst & Young LLP*

Kenneth Eglinton (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
Date:

*26 June 2014*



# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO  
31 DECEMBER 2013

	Notes	£
Interest income	3	17,786,773
Interest expense	4	<u>(2,419,126)</u>
<b>Net interest income</b>		15,367,647
Fair value gain on derivative financial instrument		15,882
Deferred consideration payable	5	(15,240,674)
Administrative expenses	6	<u>(123,773)</u>
<b>Profit before tax for the period</b>		19,082
Taxation	7	<u>(640)</u>
<b>Profit for the period</b>		<u><u>18,442</u></u>
<b>Total comprehensive income for the period</b>		<u><u>18,442</u></u>
Profit attributable to:		
<b>Equity holders</b>		<u><u>18,442</u></u>

The notes on pages 11 to 26 form part of these financial statements.

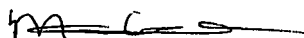
# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	£
<b>Non-current assets</b>		
Loan to Originator	8	100,034,377
Derivative financial instrument	14	<u>5,052</u>
<b>Total non-current assets</b>		<u>100,039,429</u>
<b>Current assets</b>		
Loan to Originator	8	54,701,837
Derivative financial instrument	14	10,830
Other receivables	9	147,570
Cash at bank	10	<u>13,742,814</u>
<b>Total current assets</b>		<u>68,603,051</u>
<b>Total assets</b>		<u>168,642,480</u>
<b>Equity</b>		
Issued capital	11	12,502
Retained profit		<u>18,442</u>
<b>Total equity</b>		<u>30,944</u>
<b>Non-current liabilities</b>		
Loan notes	12	69,393,440
Borrowings	13	<u>43,579,363</u>
		<u>112,972,803</u>
<b>Current liabilities</b>		
Loan notes	12	54,701,837
Other liabilities	15	936,256
Tax payable	7	<u>640</u>
<b>Total current liabilities</b>		<u>55,638,733</u>
<b>Total liabilities</b>		<u>168,611,536</u>
<b>Total equity and liabilities</b>		<u>168,642,480</u>

These financial statements were approved by the Board of directors on 25 June 2014 and are signed on their behalf by:



Mignon Clarke for and on behalf of Wilmington Trust SP Services (London) Limited  
Director

The notes on pages 11 to 26 form part of these financial statements.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO  
31 DECEMBER 2013

	Issued capital £	Retained profit £	Total £
Shares issued	12,502	-	12,502
Profit for the period	-	18,442	18,442
<b>Balance at 31 December 2013</b>	<b><u>12,502</u></b>	<b><u>18,442</u></b>	<b><u>30,944</u></b>

The notes on pages 11 to 26 form part of these financial statements.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## STATEMENT OF CASH FLOWS

**FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO  
31 DECEMBER 2013**

£

### Cash flows from operating activities

Profit before tax for the period 19,082

Non-cash adjustments to reconcile profit before tax to net cash flows:

Fair value gain on derivative financial instrument (15,882)

Interest income (17,786,773)

Interest expense 2,419,126

Deferred consideration payable 15,240,674

Working capital adjustments:

Increase in prepayment (416)

Increase in accruals 56,375

Issue of loan to Originator (299,777,363)

Principal receipts on loan to Originator 140,721,597

Resale of defaulted receivables to Originator 4,319,552

Interest received 17,639,619

Cash generated from operations (137,164,409)

### Cash flows from financing activities

Issue of loan notes 260,100,000

Principal repayments to noteholders (136,004,723)

Issue of subordinated loans 44,109,363

Repayment of subordinated loans (530,000)

Interest paid (2,309,773)

Deferred consideration paid (14,470,146)

Share capital issued 12,502

Net cash generated from financing activities 150,907,223

**Net increase in cash at bank 13,742,814**

Cash at bank at start of period -

Cash at bank at end of period 13,742,814

The notes on pages 11 to 26 form part of these financial statements.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 1. PRINCIPAL ACCOUNTING POLICIES

Asset-Backed European Securitisation Transaction Eight plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom with registered number 08383234.

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis as set out in the Directors' Report on page 2.

The financial statements have been prepared under the historical cost convention, except for the derivative financial instrument that has been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Company transacts in Sterling ("£"), therefore, Sterling is its functional and presentational currency.

##### **Basis of preparation - going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position and its principal uncertainties are set out in the Strategic Report on page 4. In addition, note 16 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk, liquidity risk, currency risk and interest rate risk.

The terms of the loan notes issued by the Company and associated securitisation arrangements are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's going concern is dependent on the going concern ability of FGAC UK as the Originator of the underlying portfolio of auto loans. Based on the assessment of the Directors, FGAC UK is considered to be a going concern. Accordingly, the financial statements of the Company have been prepared on the going concern basis.

##### **Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards issued includes those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

##### *IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Company will assess the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 9 is likely to be effective from 1 January 2018. As the impact of adoption depends on the assets held by the Company, at the date of adoption, it is not possible at this stage to determine the potential financial impacts of adoption on the Company.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

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

##### Financial instruments – initial recognition and subsequent measurement

###### i) Financial assets

###### Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

The Company's financial assets include loan to Originator, other receivables (excluding prepayment) and cash at bank.

###### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

###### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR method"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of comprehensive income.

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

# **ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013**

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

##### **Financial instruments – initial recognition and subsequent measurement (continued)**

###### **iii) Financial liabilities**

###### **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include loan notes, borrowings, derivative financial instrument and other liabilities (excluding deferred income).

###### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as described below:

###### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39 are classified as held for trading. As the Company does not use hedge accounting, it has designated its derivative financial instrument as a financial liability held for trading. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

###### **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest expense in the statement of comprehensive income.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

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

##### Financial instruments – initial recognition and subsequent measurement (continued)

##### iii) Financial liabilities (continued)

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

###### iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

###### v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 17.

##### Loan to Originator

Under IAS 39, if a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. Clause 9: Defaulted Receivables Put Option ("DRPO") of the Receivables Purchase Agreement, relating to the securitisation of the portfolio of auto loans, dated 11 April 2013, grants the Company the right to require the Originator, FGA Capital UK Limited ("FGAC UK"), to repurchase any defaulted receivables (auto loans) past due for over 180 days and any voluntarily terminated receivables. Accordingly, the Directors of the Company have concluded that FGAC UK has retained substantially all the risks and rewards of the portfolio of auto loans it has legally purchased and as a consequence, the Company does not recognise the portfolio auto loans on its statement of financial position but rather a loan due from the FGAC UK ("loan to Originator").

This loan to Originator initially represented the consideration paid by the Company in respect of the acquisition of an interest in the securitised portfolio of auto loans and is subsequently adjusted due to repayments made by the Originator to the Company. The loan to Originator is carried at amortised cost using the EIR method.



# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

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

##### **Deferred consideration payable**

Deferred consideration payable to the Originator represents the excess of the Company's collections from the underlying portfolio of auto loans above the Company's payments as determined by the payments priorities set out in the Offering Circular. A liability is recognised to the extent excess collections have been made. In the statement of comprehensive income the deferred consideration charge is recognised as an expense as it represents excess collections that the Company is not entitled to retain.

##### **Derivative financial instruments**

The Company uses derivative financial instruments to economically hedge its exposure to interest rate risk arising from its activities. In accordance with its policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, as the Company does not use hedge accounting, it has designated its derivative financial instrument as a financial liability held for trading.

Derivatives are initially recognised in the statement of financial position at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value with gains and losses recognised in the statement of comprehensive income. Fair values are obtained using valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

##### **Loan notes**

Loan notes comprise floating rate bonds issued by the Company through its Offering Circular dated 11 April 2013. The loan notes were initially recognised at fair value net of transaction costs incurred and are subsequently stated at amortised cost using the EIR method.

##### **Cash at bank**

All withdrawals from the Company's bank accounts are restricted by the detailed payments priorities set out in the Offering Circular and as such cash at bank are not freely available to be used for any other purpose.

##### **Interest income and interest expense**

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the EIR method. The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the EIR calculation.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

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

##### **Taxation**

UK Corporation tax is provided at amounts expected to be paid / recovered using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

The Directors are of the opinion that the Company is eligible to be taxed under The Taxation of Securitisation Companies Regulations 2006 (the “permanent tax regime”) under which the Company is taxed by reference to its actual retained profits during the period.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates at the reporting date.

#### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates in the financial statements are based wholly or in part on estimates or assumptions made by the Directors. There is, therefore, a potential risk that they may be subject to change in future periods. The most significant of these are as follows:

##### **Impairment losses on loan to Originator**

The DRPO clause of the Receivables Purchase Agreement grants the Company the right to require FGAC UK to repurchase any defaulted receivables (auto loans) past due for over 180 days and any voluntarily terminated receivables. Accordingly, the Directors of the Company have concluded that FGAC UK has retained substantially all the risks and rewards of the portfolio of auto loans it has legally purchased. As a consequence, the Directors assumptions with regards to impairment of the loan to Originator relate to FGAC UK.

##### **Effective interest rates**

In order to determine the EIR applicable to an asset, an estimate must be made of the expected life of the asset and hence the cash flows relating to them. The accuracy of the EIR would therefore be affected by any differences between the actual borrower behaviour and that predicted. In addition, the transaction fees and costs are immaterial at present and have therefore been reflected in the statement of comprehensive income as they occur.

##### **Fair value disclosures**

Although the Class A and B Notes are listed on the Luxembourg Stock Exchange, they are currently not being traded and we have not been able to obtain a market price. The fair value of the Notes has been calculated using a price calculation tool through Bloomberg. In addition, due to their non-recourse nature, the fair value of the Notes depends on the performance of the underlying portfolio of auto loans and, therefore, the fair value of the loan to Originator has been calculated as being in line with the total fair value of the loan notes.

Fair value of the derivative financial instrument has been determined using a discounted cash flow analysis.

Consideration of credit risk and liquidity risk is presented in note 16.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 3. INTEREST INCOME

Interest income comprises interest income on the portfolio of auto loans represented by the interest income on loan to Originator, together with interest on bank deposits, as analysed below:

	£
Interest income on loan to Originator	17,692,344
Swap interest receivable	59,100
Bank interest receivable	<u>35,329</u>
	<u>17,786,773</u>

#### 4. INTEREST EXPENSE

	£
Interest on loan notes	1,558,182
Subordinated loan interest (note 18)	<u>860,944</u>
	<u>2,419,126</u>

#### 5. DEFERRED CONSIDERATION PAYABLE

	£
Deferred consideration payable (note 18)	<u>15,240,674</u>

Deferred consideration payable to the Originator represents the excess of the Company's collections from the underlying portfolio of auto loans above the Company's payments as determined by the payments priorities set out in the Offering Circular. A liability is recognised to the extent excess collections have been made. In the statement of comprehensive income the deferred consideration charge is recognised as an expense as it represents excess collections that the Company is not entitled to retain.

#### 6. ADMINISTRATIVE EXPENSES

	£
Auditors' remuneration - audit of the statutory financial statements of the Company	42,000
Auditors' remuneration – tax services	5,760
Accountancy fees (note 18)	4,800
Servicing fees (note 18)	49,220
Other expenses	<u>21,993</u>
	<u>123,773</u>

Apart from the Directors, the Company has no employees and, other than the fees paid to Wilmington Trust SP Services (London) Limited as set out in note 18, the Directors received no remuneration during the period.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 7. TAXATION

##### (a) Analysis of charge in the period

<b>Current tax:</b>	£
Corporation tax charge for the period	<u>640</u>
Total income tax charge in the statement of comprehensive income	<u>640</u>

##### (b) Reconciliation of effective tax rate

The tax expense in the statement of comprehensive income for the year/period is equal to the small companies' rate of corporation tax in the UK of 20%.

	£
Profit before tax	<u>19,082</u>
Profit before tax multiplied by the small companies' rate of corporation tax in the UK of 20%	3,816
Application of Statutory Instrument No.3296 The Taxation of Securitisation Companies Regulations 2006	(3,816)
Tax for the period at 20% on the estimated retained profit	<u>640</u>
Total income tax expense reported in the statement of comprehensive income	<u>640</u>

This Company is taxed in accordance with Statutory Instrument No. 3296, The Taxation of Securitisation Companies Regulations 2006, which requires that tax is charged on the profits "retained" by the Company. In accordance with the Offering Circular, the Company retains a profit of £400 on each payment date. In respect of the period ended 31 December 2013, the Company retained a profit of £3,200.

#### 8. LOAN TO ORIGINATOR

	£
At 31 January 2013	-
Originations	299,777,363
Repayments	(140,721,597)
	159,055,766
Resale of defaulted receivables to Originator	(4,319,552)
At 31 December	<u>154,736,214</u>

The loan to Originator refers to the beneficial interest in a portfolio of auto loans acquired from FGAC UK. All auto loans are fixed rate loans and are due to be repaid at various times by November 2016. The auto loans may be redeemed at any time at the option of the borrower. Please refer to note 16 for disclosures relating to credit quality of the portfolio of auto loans.

The loan to the Originator is secured over the assets leased by the Originator and sold to the Company.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 8. LOAN TO ORIGINATOR (continued)

The loan is repaid as and when cash is received by the Originator from its customers towards repayments of the auto loans. The expected maturity of the portfolio of auto loans at 31 December was as follows:

	£
In less than two months	392,542
In more than two months but not more than one year	54,309,295
In more than one year but not more than five years	<u>100,034,377</u>
	<u>154,736,214</u>

#### 9. OTHER RECEIVABLES

	£
Interest income receivable	147,154
Prepayment	<u>416</u>
	<u>147,570</u>

#### 10. CASH AT BANK

All withdrawals from the Company's bank accounts are restricted by the detailed payments priorities set out in the Offering Circular.

#### 11. ISSUED CAPITAL

There are 50,000 authorised ordinary shares of £1 each. The issued share capital comprises two fully paid £1 shares, and 49,998 ordinary shares quarter paid.

#### 12. LOAN NOTES

	£
<b>Current liabilities</b>	
Floating rate loan notes	<u>54,701,837</u>
<b>Non-current liabilities</b>	
Floating rate loan notes	<u>69,393,440</u>

The issue of the loan notes was split into two classes, being £218,800,000 of Class A Notes (the "Class A Notes") and £41,300,000 of Class B Notes (the "Class B Notes" and together with the Class A Notes the "Notes").

The Notes are listed on the Luxembourg Stock Exchange.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 12. LOAN NOTES (continued)

Interest on the loan notes is payable on a monthly basis at one month Sterling LIBOR plus a margin of 0.47% and 1.15% for the Class A and B Notes respectively. The loan notes are due for repayment by June 2019.

The repayment of the loan notes is dependent on principal and interest collections on the portfolio of auto loans. The Directors periodically review the estimated future cash flows of these auto loans to assess performance and recoverability. The DRPO clause of the Receivables Purchase Agreement grants the Company the right to require FGAC UK to repurchase any defaulted receivables (auto loans) past due for over 180 days and any voluntarily terminated receivables. The loan notes are secured by means of a floating charge over the portfolio of auto loans disclosed in note 8.

The Company has not defaulted on principal, interest or had any other breaches with respect to its liabilities during the period.

#### 13. BORROWINGS

Borrowings comprise subordinated loans due to FGAC UK maturing in June 2019 or, if earlier, the date on which the loan notes are repaid in full by the Company. Interest on the subordinated loan is payable on a monthly basis at 3% per annum.

#### 14. DERIVATIVE FINANCIAL INSTRUMENT

Interest rate swaps are initially accounted and measured at fair value on the date they are entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the statement of comprehensive income. The fair value of the interest rate swap contract has been determined using a discounted cash flow analysis.

The notional principal amount of the outstanding interest rate swap contract at 31 December 2013 was £124,095,277.

The fair value of derivative instrument held is set out in the following table:

	Assets
<b>Interest rate swap</b>	<b>£</b>
At 31 January 2013	-
Movement in the period	<u>15,882</u>
At 31 December	<u>15,882</u>

#### 15. OTHER LIABILITIES

	£
Interest payable	109,353
Deferred consideration payable (note 18)	770,528
Accruals	<u>56,375</u>
	<u>936,256</u>

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 16. FINANCIAL RISK MANAGEMENT

The Originator, FGAC UK, manages the portfolio of auto loans on behalf of the Company under the Servicer Agreement dated 11 April 2013. In managing the auto loans portfolio, the Originator applies its own formal risk management structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

##### Credit risk

The maximum exposure to credit risk is considered by the Directors to be the carrying value of the Company's financial assets, excluding cash at bank. FGAC UK has retained substantially all the risks and rewards, including credit risk of the portfolio of auto loans the Company has legally purchased, and as a consequence, the Company is exposed to credit risk on FGAC UK rather than the underlying portfolio of auto loans. As FGAC UK is a joint venture between Fiat S.p.A., (through Fiat Group Automobiles S.p.A. FGA, 100% owned by Fiat) and Crédit Agricole SA (through Crédit Agricole Consumer Finance) the underlying credit risk of the financial assets ultimately sits with both Parent entities. It is considered by the Directors that both Parent entities are of a sufficient credit quality to meet the obligations in the event of default. None of the financial assets are considered by the Directors to be either past due or impaired.

The credit quality of the underlying portfolio of auto loans is summarised as follows:

	£
Neither past due nor impaired	157,260,826
Past due but not impaired	1,794,940
Impaired	-
	<u>159,055,766</u>
Less: resale of defaulted receivables to Originator	<u>(4,319,552)</u>
	<u>154,736,214</u>

Clause 9: Defaulted Receivables Put Option ("DRPO") of the Receivables Purchase Agreement, relating to the securitisation of the portfolio of auto loans, dated 11 April 2013, grants the Company the right to require the Originator, FGA Capital UK Limited ("FGAC UK"), to repurchase any defaulted receivables (auto loans) past due for over 180 days and any voluntarily terminated receivables.

As at 31 December 2013, the receivables repurchased by FGAC UK totalled £4,319,552.

The Company is exposed to credit risk of FGAC UK through the Receivables Purchase Agreement and has an obligation to transfer to the Company cash flows received by it from the underlying Receivables. FGAC UK has a long term credit rating of BB+ (Standard & Poor's).

With regard to credit risk on derivatives, the Directors monitor the credit rating of the swap provider and in case of any downgrade may require the swap provider to provide sufficient collateral or transfer its obligations to another bank of a better credit rating.

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 16. FINANCIAL RISK MANAGEMENT (continued)

##### Liquidity risk

The Company's responsibility to make cash payments under the terms of the Offering Circular is limited to the funds available from its interest in the portfolio of auto loans and accordingly the Company is insulated from liquidity risk. The table below reflects the undiscounted contractual cash flows of financial liabilities at the reporting date:

##### Period ended 31 December 2013

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	£	£	£	£	£
Loan notes	-	760,075	55,236,332	70,237,563	126,233,970
Borrowings	-	297,580	892,740	45,960,005	47,150,325
Other liabilities	47,760	888,496	-	-	936,256
	<u>47,760</u>	<u>1,946,151</u>	<u>56,129,072</u>	<u>116,197,568</u>	<u>174,320,551</u>

The cash flows of loan notes, borrowings and derivative financial instrument are contractually dependent on the cash flows of the underlying portfolio of auto loans in accordance with the payments priorities set out in the Offering Circular. Hence, the contractual maturities above reflect the contractual maturities of the underlying portfolio of auto loans.

The amounts disclosed for the derivative financial instrument in the below table are the gross undiscounted cash outflows. The table also shows the corresponding reconciliation of those amounts to their carrying amounts.

##### Period ended 31 December 2013

	Less than 3 months	3 to 12 months	1 to 5 years	Total
	£	£	£	£
Inflows	135,888	193,142	8,934	337,964
Outflows	<u>(132,495)</u>	<u>(185,650)</u>	<u>(3,841)</u>	<u>(321,986)</u>
Net	3,393	7,492	5,093	15,978
Discounted at the applicable interbank rates (Note 14)	<u>3,393</u>	<u>7,437</u>	<u>5,052</u>	<u>15,882</u>

##### Currency risk

All of the Company's assets and liabilities are denominated in Sterling ("£"), and therefore there is no foreign currency risk.

##### Interest rate risk

The Company has used an interest rate swap to economically hedge its exposure to interest rate risk arising from the floating rate loan notes.

##### Interest rate sensitivity

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is limited as the Company only retains £400 per month from the beneficial interest in the portfolio of auto loans with the resulting fluctuations being taken up by deferred consideration payments, when cash is available, due to FGAC UK. As at 31 December 2013, the balance due to FGAC UK is £770,528 which is sufficient to meet any adverse movement in interest rates.



# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 16. FINANCIAL RISK MANAGEMENT (continued)

##### Capital risk management

Capital includes equity attributable to equity holders. 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 the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The gearing ratio at 31 December 2013 was 99.43%.

##### Financial instruments

The Company's financial instruments comprise loan to Originator, other receivables (excluding prepayment), cash at bank, loan notes, borrowings, derivative financial instrument and other liabilities. It is, and has been throughout the period, the Company's policy that no trading in financial instruments is undertaken.

##### Categories of financial instruments

	£
<b>Financial assets</b>	
Loans and receivables [including loan to originator, other receivables (excluding prepayment), and cash at bank]	<u>168,626,182</u>
Fair value through profit or loss –derivative financial instrument	<u>15,882</u>
<b>Financial liabilities</b>	
Loans and borrowings [includes loan notes, borrowings and other liabilities]	<u>168,610,896</u>

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 17. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

##### Fair values

The approximate fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Note	Carrying amount 2013 £	Approximate fair value 2013 £
<b>Financial assets</b>			
Loan to Originator	8	154,736,214	155,229,380
Derivative financial instrument	14	<u>15,882</u>	<u>15,882</u>
<b>Financial liabilities</b>			
Loan notes	12	<u>124,095,277</u>	<u>124,558,443</u>

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The valuation techniques used by the Company and estimations made by management in fair valuing financial instruments are explained in notes 1 and 2 respectively.

For the remainder of the financial assets and liabilities, the carrying value equated to their fair value.

##### Fair value hierarchy

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 - valued using quoted prices in active markets for identical assets or liabilities

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data. The valuation techniques used by the Company are explained in note 1.

##### As at 31 December 2013

Financial assets at fair value	Level 1 £	Level 2 £	Level 3 £	Total £
Loan to Originator	-	155,229,380	-	155,229,380
Derivative financial instrument	<u>-</u>	<u>15,882</u>	<u>-</u>	<u>15,882</u>

# ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013

#### 17. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

##### Fair value hierarchy (continued)

As at 31 December 2013

Financial liabilities at fair value	Level 1 £	Level 2 £	Level 3 £	Total £
Loan notes	<u>124,558,443</u>	<u>-</u>	<u>-</u>	<u>124,558,443</u>

#### 18. RELATED PARTY TRANSACTIONS

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 *Related Party Disclosures*.

During the period, corporate services were provided by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned £11,936 including irrecoverable VAT. At 31 December 2013, £416 was included within 'other receivables: prepayment'. This is in accordance with the Corporate Services Agreement and the Corporate Services Fee Letter, both dated 11 April 2013. Mr M H Filer is a director of the Company and is also a director of Wilmington Trust SP Services (London) Limited.

During the period, accounting services were provided by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned £4,800 including irrecoverable VAT. At 31 December 2013, £4,800 was included within 'other liabilities: accruals'. This is in accordance with the Corporate Services Agreement and the Corporate Services Fee Letter.

During the period, the Company acquired a portfolio of auto loans from FGAC UK totalling £299,777,363 on origination. During the period, FGAC UK repaid to the Company amounts of principal on the portfolio of auto loans totalling £140,721,597 and repurchased defaulted receivables of £4,319,552. At 31 December 2013, £154,736,214 was still outstanding and disclosed under "loan to Originator".

During the period, the Company earned interest on the portfolio of auto loans, which it received from FGAC UK, of £17,692,344. At 31 December 2013, interest of £145,175 was outstanding and disclosed within 'other receivables: interest income receivable'.

FGAC UK earned £15,260,674 with respect to deferred consideration during the period, £770,528 was outstanding and disclosed within 'other liabilities: deferred consideration payable'.

FGAC UK administers the portfolio of auto loans on behalf of the Company and earned £49,220 during the period. At 31 December 2013, £3,815 was outstanding and disclosed within 'other liabilities: accruals'.

During the period, FGAC UK granted the Company subordinated loans totalling £44,109,363. At 31 December 2013, £43,579,363 was still outstanding. During the period, the Company incurred interest on the subordinated loans of £860,944, of which £48,917 was still outstanding at 31 December 2013 and disclosed within 'other liabilities: interest payable'.

# **ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION EIGHT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE PERIOD FROM INCORPORATION ON 31 JANUARY 2013 TO 31 DECEMBER 2013**

#### **19. SEGMENTAL REPORTING**

The principal asset of the Company is the loan to Originator which originated in the United Kingdom, funded by the loan notes issued by the Company. Cash is held in the United Kingdom. The Directors do not use any other segments for the purpose of managing the Company.

#### **20. ULTIMATE CONTROLLING PARTY**

The shares in the Company are held by the legal parent company, Wilmington Trust SP Services (London) Limited, a company incorporated in England and Wales, in a Declaration of Trust for charitable purposes. Copies of the financial statements of Wilmington Trust SP Services (London) can be obtained from Third Floor, 1 King's Arms Yard, London EC2R 7AF, United Kingdom.

Although FGAC UK has no direct ownership interest in the Company, it is considered to benefit from the risks and rewards of its activities. FGA Capital SpA, a company registered in Italy, is the parent undertaking of the smallest and largest group of which the Company is a member and for which consolidated financial statements are drawn up. FGA Capital SpA is owned 50% by Fiat Group Automobiles SpA and is owned 50% by CA Consumer Finance SA (formally Sofinco), the wholly owned consumer credit subsidiary of Crédit Agricole SA. Copies of the consolidated financial statements of FGA Capital SpA can be obtained from the company secretary, FGA Capital SpA, Corso Giovanni Agnelli 200, Turin, Italy.