

Company Registration No. 08605918

Erudio Student Loans Limited

Annual Report and Financial Statements

For the year ended 31 December 2016



Erudio Student Loans Limited

Annual report and financial statements for the year ended 31 December 2016

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Erudio Student Loans Limited

Company information

Directors

Wilmington Trust SP Services (London) Limited
M Filer (resigned on the 10 April 2017)
A Demosthenous (appointed on the 29 March 2017)

Secretary

Wilmington Trust SP Services (London) Limited

Registered address

Third Floor
1 King's Arms Yard
London
EC2R 7AF

Correspondence address

Erudio Student Loans
PO box 1055
Camberly
GU15 9PA

Primary servicer of the student loan portfolio

All borrower records are maintained by the Primary Servicer, Capquest Debt Recovery Limited. No details are held at the Registered Address of the Company. All borrower related calls, e-mails, letters and any other borrower correspondence received at the Registered Address of the Company are forwarded directly to the Primary Servicer, Capquest Debt Recovery Limited, for action and who will respond directly with the borrowers on behalf of the Company.

It is in the interest of borrowers to send all correspondence directly to the Primary Servicer to ensure a timely response rather than send it via the Registered Address of the Company. The Primary Servicer can be contacted by telephone on 0300 003 7188 or by e-mail at customerservice@erudiostudentloans.co.uk for general queries or deferment@erudiostudentloans.co.uk in relation to queries regarding loan deferment. The address for correspondence is:

Erudio Student Loans
PO box 1055
Camberly
GU15 9PA

Erudio Student Loans Limited

Strategic Report

The directors present their strategic report of Erudio Student Loans Limited ("the Company") for the year ended 31 December 2016 with comparatives for the year ended December 2015.

Principal activity and business activities

The Company was incorporated as Honours Trustee 2 Limited on 11 July 2013 on issuing one £1 share. This share is held by Wilmington Trust SP Services (London) Limited under a declaration of trust for discretionary charitable purposes. On 4 November 2013 the Company changed its name to Erudio Student Loans Limited.

The Company was established as a Special Purpose Vehicle to act as a Trustee for the sole purpose of acting as a conduit through which a consortium of interested parties were able to acquire a portfolio of unsecured student loans being sold by the Student Loans Company Limited in November 2013 (the "Loan Portfolio"). At that time the Loan Portfolio consisted of loans for which repayment had been deferred and loans which were in arrears. The Loan Portfolio was placed into Trust by the Company on acquisition for the benefit of Arrow Global Limited and Harrogate Holdings LP, the Beneficial Title Holders.

In December 2015 Capquest Debt Recovery Limited replaced Capita Customer Management Limited as the Primary Servicer of the Loan Portfolio with Arrow Global Limited overseeing the loans in arrears. All money collected by the Primary Servicer in relation to the Loan Portfolio is paid into the bank account of the Company. The money is paid over to the Beneficial Title Holders after deducting certain operating expenses of the Company. Short term timing differences may arise in the payments to the Beneficial Title Holders resulting in a daily balance being held in the bank account of the Company. As set out in note 2, the Loan Portfolio is not recognised in the financial statements of the Company as the economic benefits of the Loan Portfolio flows to the Beneficial Title Holders. As such the Loan Portfolio is recognised in the financial statements of the Beneficial Title Holders in proportion to their share of the Trust.

All correspondence relating to the Loan Portfolio received at the Registered Address of the Company is forwarded directly to the Primary Servicer whose details are on page 1.

Wilmington Trust SP Services (London) Limited is contracted by the parties to provide certain corporate services, which include the provision of a registered address, directors, statutory accounting and company secretarial services. These costs are paid directly by the Company. Wilmington Trust SP Services (London) Limited is not involved with the management of the Loan Portfolio which is overseen by the Beneficial Title Holders.

Wilmington Trust SP Services (London) Limited has no beneficial interest in the Company or the Loan Portfolio and purely provides corporate services. Wilmington Trust SP Services (London) Limited is not linked financially or otherwise to the Beneficial Title Holders.

Results

The unaudited financial statements for the year ended 31 December 2016 are set out on pages 4 to 9.

The Company acts as a trustee whose operating expenses are reimbursed in full each financial reporting period by the Beneficial Title Holders, meaning that it has no retained earnings.

Future activities

The Company will continue to hold the assets on Trust for the benefit of Arrow Global Limited and Harrogate Holdings LP, the Beneficial Title Holders, until such time as the Beneficial Title Holders instruct otherwise.

Signed by order of the Board of Directors



Josh Fitzmaurice for and on behalf of Wilmington Trust SP Services (London) Limited
Company Secretary

Date: 25 August 2017

Erudio Student Loans Limited

Director's Report

The directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2016 with comparatives for the year ended December 2015.

Directors and their interests

The directors of the Company are all nominated and provided by Wilmington Trust SP Services (London) Limited under the terms of a corporate services agreement. None of the Directors receives any remuneration from the Company. Wilmington Trust SP Services (London) Limited receives a fee for providing corporate services to the Company as a whole.

The directors who served throughout the period and up to the date of signing the financial statements are as stated below:

Wilmington Trust SP Services (London) Limited
M Filer (Resigned on the 10 April 2017)
A Demosthenous (Appointed on the 29 March 2017)

The shares of the Company are held by Wilmington Trust SP Services (London) Limited under a declaration of trust for discretionary charitable purposes. Wilmington Trust SP Services (London) Limited has no beneficial interest in the Company or the Trust. Any dividends or surplus on a liquidation of the Company will be distributed in accordance with the terms of the discretionary charitable trust.

Dividends

No dividends were declared or paid by the Company during the current year or the prior year and the directors do not propose a final dividend.

Statement of director's responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed by order of the Board of Directors



Josh Fitzmaurice for and on behalf of Wilmington Trust SP Services (London) Limited
Company Secretary

Date: 25 August 2017

Erudio Student Loans Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended to 31 December 2016

		Year ended 31 Dec 2016	Year ended 31 Dec 2015
	Note	£	£
Operating income		403,023	578,229
Administrative expenses	3	<u>(403,023)</u>	<u>(578,229)</u>
Profit before tax for the year		<u>-</u>	<u>-</u>
 Total comprehensive income for the year		<u>-</u>	<u>-</u>
 Attributable to:			
Shareholders		<u>-</u>	<u>-</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share Capital	Retained Earnings	Total
	£	£	£
Balance at 1 January 2015	-	-	-
Issue of shares	1	-	1
Total comprehensive income for the year ended 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2015	1	-	1
Total comprehensive income for the year ended 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2016	<u>1</u>	<u>-</u>	<u>1</u>

The notes on pages 7 to 9 form part of these financial statements.

Erudio Student Loans Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	31 Dec 2016 £	31 Dec 2015 £
Current assets			
Cash at bank and in hand	4	119,977	41,055
Other assets	5	<u>26,446</u>	<u>24,171</u>
Total current assets		<u>146,423</u>	<u>65,226</u>
Total assets		<u>146,423</u>	<u>65,226</u>
Current liabilities			
Other liabilities	7	<u>(146,422)</u>	<u>(65,225)</u>
Total current assets		<u>(146,422)</u>	<u>(65,225)</u>
Total net liabilities		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	6	<u>1</u>	<u>1</u>
Total equity and liabilities		<u>1</u>	<u>1</u>

For the year ending 31 December 2016 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of Erudio Student Loans Limited, Company Registration 08605918, on pages 4 to 9 were approved by the Board on 25 August 2017 and signed on its behalf by:



Josh Fitzmaurice for and behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 7 to 9 form part of these financial statements.

Erudio Student Loans Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Cash flows from operating activities			
Profit before tax for the year		-	-
Operating profit before changes in operating assets and liabilities		-	-
(Increase)/decrease in other assets		(2,275)	64,402
Increase/(decrease) in other liabilities		<u>81,197</u>	<u>(2,748,842)</u>
Net cash generated/(used by) from operating activities		<u>78,922</u>	<u>(2,684,440)</u>
 Cash flows from financing activities			
Proceeds from the issue of shares		-	-
Net cash generated from financing activities		-	-
 Net increase/(decrease) in cash and cash equivalents		78,922	(2,684,440)
Cash and cash equivalents at start of the year		<u>41,055</u>	<u>2,725,495</u>
Cash and cash equivalents at end of the year	4	<u><u>119,977</u></u>	<u><u>41,055</u></u>

All withdrawals from the Company's bank accounts are governed by the trust deeds and as such the cash and cash equivalents are not freely available to be used for other purposes.

The notes on pages 7 to 9 form part of these financial statements.

Erudio Student Loans Limited

Notes to the financial statements

For the year ended 31 December 2016

1. General Information

Erudio Student Loans Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The registered address of the Company is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report.

The activities of the Company are entirely undertaken in the United Kingdom.

2. Accounting policies

A summary of the principal accounting policies is set out below. These have all have been applied consistently throughout the current year and the prior year.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, International Financial Reporting Interpretations Committee interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and the going concern basis.

The Company's functional currency is Pounds Sterling ("£") since this is the currency of the primary economic environment in which the Company operates and therefore the financial statements have been presented in pounds sterling rounded to the nearest pound. There are no significant uncertainties or estimates applied in the basis of preparing these financial statements.

Loan portfolio

In November 2013 the Company entered into sales and purchase agreements to acquire full legal title to the Loan Portfolio under which it would hold title to the loans in the Loan Portfolio on trust for Harrogate Holdings LP and Arrow Global Limited, the Beneficial Title Holders. Under the terms of the transaction documents the Company retains no financial interest in the performance of the Trust Property and nor does it have any control over the Loan Portfolio. The costs of servicing the Loan Portfolio are paid directly by the Beneficial Title Holders. As the risks and rewards of ownership have been transferred to the Beneficial Title Holders and the economic benefits of the Loan Portfolio will not flow to the Company, the Loan Portfolio does not meet the definition of an asset for the Company. As a result the Loan Portfolio is not recognised as an asset on the balance sheet of the Company but is recognised in the financial statements of the Beneficial Title Holders.

Cash and cash equivalents

Cash and cash equivalents represents the bank accounts in the name of the Company over which the Company retains control. This primarily relates to the bank account into which the monies collected by the Primary Servicer on the Loan Portfolio are paid. All withdrawals from the Company's bank accounts are governed by trust deeds and certain operating expenses of the Company are paid from the bank accounts before paying the remaining amounts monies to the Beneficial Title Holders. As the Company derives an economic benefit from the bank account it is recognised as an asset on the balance sheet of the Company. However, as the Company is contractually obliged to pay the balance on the bank account to the Beneficial Title Holders at a future date, the Company has also recognised a liability for the amount due to be paid.

Operating income

Operating income represents a recharge to the Beneficial Title Holders to enable the Company to meet certain expenses associated with carrying out its business.

Administrative expenses

Administrative expenses represent direct expenses of the Company which are paid directly from the bank account of the Company. They are accounted for on an accruals basis.

Taxation

Income tax payable on profits is based on applicable tax law and is calculated at rates of tax enacted or substantively enacted at the financial reporting date. Income tax payable is recognised as an expense in the period in which the profits arise.

Erudio Student Loans Limited

Notes to the financial statements

For the year ended 31 December 2016

2. Accounting policies (continued)

Other assets

Other assets represent amounts owed to the Company and are accounted for on an accruals basis less any charge for impairment. Included within other assets are amounts owed by the Beneficial Title Holders and which are due to be paid over to the Company.

Other liabilities

Other liabilities represent amounts owed by the Company and are accounted for on an accruals basis. Included within other liabilities are amounts held in the bank account of the Company which are due to be paid to the Beneficial Title Holders.

3. Administrative expenses

Administrative expenses represent direct expenses of the Company which are paid directly from the bank account of the Company.

The Company had no employees during the current year or prior. The directors received no remuneration for their services as directors. Wilmington Trust SP Services (London) Limited, a director of the Company, received fees for providing corporate services as a whole to the Company (see note 8).

4. Cash and cash equivalents

	31 Dec 2016	31 Dec 2015
	£	£
Cash	1	1
Bank account	<u>119,976</u>	<u>41,054</u>
	<u>119,977</u>	<u>41,055</u>

The money held in the bank account is held on trust for the Beneficial Title Holders and represents primarily the money collected by the Primary Servicer after payment of the expense of the Company. All withdrawals from the bank account are governed by the terms of the trust deed.

5. Other assets

	31 Dec 2016	31 Dec 2015
	£	£
Other debtors and prepayments	<u>26,446</u>	<u>24,171</u>

6. Share capital

Issued share capital:	31 Dec 2016	31 Dec 2015
	£	£
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Erudio Student Loans Limited

Notes to the financial statements

For the year ended 31 December 2016

7. Other liabilities

	31 Dec 2016	31 Dec 2015
	£	£
Amounts due to the Beneficial Title Holders	119,976	41,053
Other creditors and accruals	<u>26,446</u>	<u>24,172</u>
	<u>146,422</u>	<u>65,225</u>

The amounts due to the Beneficial Title Holders represent the money held in the bank account of the Company due to them which has not yet paid over.

8. Related parties

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

The Company is a special-purpose company set up to act as a Trustee to hold assets on behalf of the Beneficial Title Holders. Its board of directors comprises two directors who are nominated and provided by Wilmington Trust SP Services (London) Limited under a corporate services agreement. The directors of the Company during the year were Wilmington Trust SP Services (London) Limited and M Filer. The Company was charged corporate service fees by Wilmington Trust SP Services (London) Limited amounting to £18,000 (including irrecoverable VAT) during the year (2015: £21,600) which included the provision of a Registered Address, directors, accounting and company secretarial services.

At 31 December 2016, £119,976 (31 December 2015: £41,053) was owed to the Beneficial Title Holders by the Company in relation to the money held in the bank account of the Company which has not yet been paid over.

9. Ultimate parent company

The shares of the Company are held by Wilmington Trust SP Services (London) Limited, a company incorporated in England and Wales, under a declaration of trust for discretionary charitable purposes. Wilmington Trust SP Services (London) Limited has no beneficial interest in the Company or the Loan Portfolio. Any dividends or surplus on liquidation of the Company will be given to UK registered charities in accordance with the terms of the declaration of trust.