

**Snowdonia Securities 2006-1
PLC**

Report and Financial Statements

Year Ended

31 December 2008



BDO Stoy Hayward
Chartered Accountants

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Snowdonia Securities 2006-1 PLC

Annual report and financial statements
for the year ended 31 December 2008

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Directors

Wilmington Trust SP Services (London) Limited
M H Filer
J C Schroeder

Secretary and registered office

Wilmington Trust SP Services (London) Limited
Fifth Floor
6 Broad Street Place
London
EC2M 7JH

Company number

05568231

Auditors

BDO Stoy Hayward LLP
3 Hardman Street
Manchester
M3 3AT

Snowdonia Securities 2006-1 PLC

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Principal activities

The company's principal activities are to raise or borrow money and to grant security over its assets for such purpose and to acquire receivables under hire purchase agreements, motor loan, and personal loan agreements and administer the same.

Business review and future developments

On 24 February 2006 the company and its fellow subsidiaries entered into a securitisation arrangement with The Funding Corporation (1) Limited, Benton Finance Limited, and County Leasing & Finance Limited ("the Originators") whereby the beneficial interest in a portfolio of motor vehicle finance agreements and personal loan agreements, with a book value of £200 million, was assigned to Snowdonia Trustee 2006-1 Limited from the Originators for consideration of £200 million. Subsequently the company acquired an interest in the trust property vested in Snowdonia Trustee 2006-1 Limited for £200 million which was funded by the issue of £200 million floating rate notes maturing in 2016. Simultaneously the Originators entered into a subordinated loan agreement with the company whereby:

- £6,000,000 of the consideration was retained by the company as a subordinated loan. The loan does not bear interest and is repayable when the notes are redeemed in full;
- £1,058,494 of the consideration was retained by the company to meet the fees and expenses of the creation of the securitisation entities and the associated legal agreements, and the issue of the notes; and
- £34,700 of the consideration was retained by the company in respect of prefunding interest shortfall.

The directors are satisfied with the performance of the company.

Key performance indicators

Under the terms of the securitisation the company retains the right to 0.01% of available income cash receipts from the beneficial interest in the motor vehicle finance agreements and personal loan agreements. Consequently the company's key performance indicator is net interest margin which for the year was 3.3% (2007: 1.91%).

Business risks

Interest rate risk

The company is exposed to interest rate risk as explained in note 13.

Credit risk

The principal credit risk to the company is that borrowers (under the motor vehicle finance agreements and personal loans in which the company has a beneficial interest) will either not be able to meet their obligations as they fall due or through operation of borrowers' rights under the Consumer Credit Act can voluntarily terminate a motor vehicle finance agreement (subject to meeting certain prescribed criteria) resulting in losses. Large losses may mean there is insufficient cash generated by the pool of agreements to repay noteholders' principal and/or pay interest in full on the notes.

Snowdonia Securities 2006-1 PLC

Report of the directors
for the year ended 31 December 2008

Business review and future developments (continued)

Business risks (continued)

Credit risk (continued)

The Originators have made available a subordinated loan of £6 million which can be used to repay noteholders' principal in the event that there is insufficient available cash from borrowers' payments to fund the losses. At the year end £683,858 (2007: £722,371) of the subordinated loan had been used to fund such losses.

Servicer risk

The underlying motor vehicle finance agreements and personal loans are serviced by The Funding Corporation Limited ("the Servicer") which is the immediate parent company of all of the Originators. The company's ability to make payments to noteholders is dependent on the Servicer performing its obligations under the Servicing Agreement to, inter alia, collect amounts due and payable by borrowers. The appointment of the Servicer can be terminated by its default in performing its obligations, its insolvency or if notice of termination is given by the Servicer. The company has entered into a Standby Servicer Agreement with an unrelated third party so that the company may appoint the Standby Servicer in the event that the appointment of the Servicer is terminated. The same risks apply to the appointment of the Standby Servicer or any other servicer.

Proposed dividend

The directors do not recommend the payment of a dividend.

Financial instruments

Details of the use of financial instruments can be found in note 13.

Directors

The directors who held office during the year were as follows:

R G Baker (resigned 28 February 2008)
M H Filer
J C Schroeder (appointed 28 February 2008)
Wilmington Trust SP Services (London) Limited

Post Balance sheet events

There are no post balance sheet events to be disclosed.

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.

Due to the nature of the business, the main creditors are the noteholders. Principal and interest is repaid monthly in accordance with agreements in place. The company owed no amounts to trade creditors at 31 December 2008.

The company does not follow any other code or standard on payment practice.

Snowdonia Securities 2006-1 PLC

Report of the directors for the year ended 31 December 2008

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year.

Disclosure of information to auditors

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- state whether applicable accounting standards 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



For and on behalf of Wilmington Trust SP Services (London) Limited
Director

24 July 2009

Snowdonia Securities 2007-1 PLC

Report of the independent auditors

To the shareholders of Snowdonia Securities 2007-1 PLC

We have audited the financial statements of Snowdonia Securities 2007-1 PLC for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

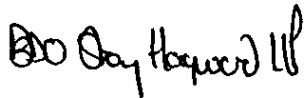
Snowdonia Securities 2006-1 PLC

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors Report is consistent with the financial statements.



BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Manchester

3/7/09

Snowdonia Securities 2006-1 PLC

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Interest receivable	4	2,599,270	5,637,504
Interest payable and similar charges	5	(2,514,139)	(5,529,977)
Administrative expenses		(84,250)	(105,659)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		881	1,868
Tax on profit on ordinary activities	6	(251)	(560)
Retained profit	11	<hr/> 630	<hr/> 1,308
		<hr/>	<hr/>

All results have derived from continuing operations.

The company had no recognised gains or losses other than those included in the results above.

The notes on pages 8 to 14 form part of these financial statements.

Snowdonia Securities 2006-1 PLC

Balance sheet at 31 December 2008

	Note	2008 £	2007 £
Current assets			
Debtors : due within one year		14,716,831	29,071,683
Debtors: due after more than one year		10,061,201	29,826,971
Debtors	7	24,778,032	58,898,654
Cash at bank and in hand		5,557,867	5,500,332
		<u>30,335,899</u>	<u>64,398,986</u>
Creditors: amounts falling due within one year	8	(253,454)	(605,684)
Net current assets		<u>30,082,445</u>	<u>63,793,302</u>
Creditors: amounts falling due after more than one year	9	(30,066,142)	(63,777,629)
Net assets		<u>16,303</u>	<u>15,673</u>
Capital and reserves			
Called-up share capital	10	12,502	12,502
Profit and loss account	11	3,801	3,171
Shareholder's funds	12	<u>16,303</u>	<u>15,673</u>

The financial statements were approved by the Board and authorised for issue on 24 July 2009



For and on behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 8 to 14 form part of these financial statements.

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards currently applicable in the United Kingdom.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent company includes the company in its own consolidated financial statements.

Due to the special nature of the company's business, the profit and loss account requires adaptation and interest receivable and payable have been disclosed above the operating profit.

Turnover

Turnover and cost of sales, as prescribed by the Companies Act 1985, do not have meaningful equivalents for the company and are not defined in these financial statements.

Interest receivable and payable

Interest receivable and payable are accounted for on an accruals basis.

Capital instruments

Capital instruments, other than issued equity share capital, are classified as liabilities if they contain an obligation to transfer economic benefits. The finance cost recognised in the profit and loss account in respect of such capital instruments is allocated to accounting periods evenly over the term of the instrument.

Financial instruments

The company's assets are denominated in sterling.

The company is exposed to interest rate basis risk as its interest income and interest expense are linked to different floating interest rate bases. This exposure is reduced or eliminated by using an interest rate basis swap.

Swaps reduce or eliminate the interest rate risk of the company. The notional amount and the term of these are identical to the principal amount outstanding of the floating rate notes. These instruments are therefore treated as hedges and accounted for on an accruals basis in line with the underlying assets that they are hedging.

2 Directors and employees

No emoluments were received or are receivable by any directors in respect of services during the year (2007: £nil). The company did not have any employees during the year (2007: nil).

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

3 Operating profit

Operating profit is stated after charging £14,472 (2007: £5,160), including irrecoverable VAT, for audit fees.

4 Interest receivable

	2008 £	2007 £
Interest receivable on bank deposits	453,714	684,888
Interest receivable from the Eligible Receivables Trust	1,933,890	4,237,754
Interest receivable on swaps	211,666	714,862
	<u>2,599,270</u>	<u>5,637,504</u>

5 Interest payable and similar charges

	2008 £	2007 £
Interest payable on floating rate notes	2,514,139	5,529,977
	<u>2,514,139</u>	<u>5,529,977</u>

6 Tax on profit on ordinary activities

	2008 £	2007 £
Current tax on income for the period at the standard UK effective corporation tax rate of 28.5% (2007: 30%)	251	560
	<u>251</u>	<u>560</u>

7 Debtors

	2008 £	2007 £
<i>Debtors due within one year</i>		
Trade debtors	14,325,853	28,127,254
Amounts owed by fellow subsidiary undertakings	289,099	726,860
Other debtors	12,501	12,501
Prepayments and accrued income	89,378	205,068
	<u>14,716,831</u>	<u>29,071,683</u>
<i>Debtors due after more than one year</i>		
Trade debtors	10,061,201	29,826,971
	<u>10,061,201</u>	<u>29,826,971</u>
Total debtors	<u>24,778,032</u>	<u>58,898,654</u>

On 24 February 2006 the company issued £200 million of floating rate notes and used the proceeds to acquire a beneficial interest in the Eligible Receivables Trust (the 'Trust'). The Trust holds a beneficial interest in the motor vehicle finance agreements and personal loan agreements as securitised by The Funding Corporation (1) Limited, Benton Finance Limited, and County Leasing & Finance Limited. These loans are denominated in sterling, and are at a fixed rate. The beneficial interest in the receivables is treated as a limited recourse loan to The Funding Corporation (1) Limited, Benton Finance Limited, and County Leasing & Finance Limited and will mature in 2016.

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements
for the year ended 31 December 2008 *(Continued)*

8 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts due to quasi-subidiaries	34,456	107,824
Corporation tax	811	1,359
Other creditors	191,833	482,680
Accruals	26,354	13,821
	253,454	605,684

9 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Floating rate notes	24,750,000	58,500,000
Subordinated loan	5,316,142	5,277,629
	30,066,142	63,777,629

All amounts are due after more than five years.

The subordinated loan was entered into under the securitisation agreement, and is interest free and unsecured.

Closing notes are analysed as follows:

	2008 £	2007 £
Class A due 2016 (0.12% pa above LIBOR)	-	2,500,000
Class B due 2016 (0.36% pa above LIBOR)	-	26,000,000
Class C due 2016 (0.55% pa above LIBOR)	18,750,000	24,000,000
Class D due 2016 (2.25% pa above LIBOR)	6,000,000	6,000,000
	24,750,000	58,500,000

Interest is payable monthly in arrears on the 21st day of each month or the next business day. The notes are secured upon the assets of the company.

All available principal funds must be used to repay Class A notes until the remaining nominal value of all classes is less than £100 million following which each class is redeemed pro-rata provided the Reserve Fund is not less than the Reserve Fund Required Amount. At 31 December 2008 the Reserve Fund is equal to the subordinated loan of £5,316,142 (2007: £5,277,629) and the Reserve Fund Required Amount was £9,000,000 (2007: £9,000,000). Should the Reserve Fund continue to be less than £9,000,000 then the classes will be redeemed in alphabetical order.

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

10 Share capital

	2008 £	2007 £
Authorised: 50,000 ordinary shares of £1 each	50,000	50,000
Issued: Ordinary shares of £1 each : 2 fully paid up, and 49,998 paid up to 25p each	12,502	12,502

11 Reserves

	Profit and loss account £
At 1 January 2008	3,171
Retained profit for the year	630
At 31 December 2008	3,801

12 Reconciliation of movements in shareholder's funds

	£
Opening shareholder's funds	15,673
Retained profit for the year	630
Closing shareholder's funds	16,303

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements for the year ended 31 December 2008 (*Continued*)

13 Financial instruments

The company has taken advantage of the exemption available and not included short-term debtors or creditors in the analysis provided in this note.

Interest rate risk

The company is subject to interest rate risk as its interest income and interest expense are linked to different fixed and floating rate bases. The company entered into an interest rate basis swap to reduce or eliminate this exposure with Barclays Bank plc for an initial notional value of £200,000,000, and varied each month to equal the principal amount outstanding of the underlying securitised receivables. At the year end, the principal amount outstanding was £23,775,721 (2007: £56,459,304). Under this swap arrangement the company pays a fixed rate of 4.90% and receives sterling at one month LIBOR every month. This swap will mature in 2016. The fair value of this swap at 31 December 2008 is (£424,409) (2007: £335,939) and has been determined by reference to prices available from the markets on which the instrument is traded.

Financial liabilities

The financial liabilities of the company amount to £30,066,142 (2007: £63,777,629), are all denominated in sterling and all mature in 2016. Of this amount £24,750,000 (2007: £58,500,000) is floating rate (note 9) and £5,316,142 (2007: £5,277,629) is interest free. After taking into account the interest rate swap in place £23,775,721 (2007: £56,459,304) is fixed at 4.90%, £974,279 (2007: £2,040,696) is floating, and £5,316,142 (2007: £5,277,629) is interest free.

Financial assets

The financial assets of the company amount to £29,944,921 (2007: £63,454,557) which are at floating and fixed rates. This amount comprises:

- cash at bank of £5,557,867 (2007: £5,500,332) which bears interest at 0.2% below one month LIBOR; and
- beneficial interests in loans of £24,387,054 (2007: £57,954,225) which are treated as limited recourse loans to The Funding Corporation (1) Limited, Benton Finance Limited, and County Leasing & Finance Limited, and that bear interest at various fixed rates. Interest rates are fixed over the life of the loan with the weighted average rate at 11.75% (2007: 11.94%) and weighted average term to maturity of 27.13 months (2007: 35.95).

Currency risk

All monetary assets and liabilities of the company are denominated in sterling.

Liquidity profile

Maturity of financial liabilities is disclosed in note 9.

Fair values of financial assets and liabilities

The floating rate notes are listed but are not traded on the London Stock Exchange and it is not therefore possible to estimate their fair value. The principal and carrying value of the notes is £24,750,000 (2007: £58,500,000).

The fair value of the swap is given above. This is based on the market value of the swap at the year end.

The fair value of the cash balances and trade debtors are not materially different from their book values.

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements
for the year ended 31 December 2008 (Continued)

13 Financial instruments (Continued)

Gains and losses on hedges

The swap acts as a hedge to reduce or eliminate the interest and currency risk of the company. The unrecognised loss on the swap is £424,409 (2007: gain £335,939) at 31 December 2008. This amount is not expected to be recognised in the next accounting year.

14 Related party transactions

The company is deemed to be a quasi-subsiary of The Funding Corporation (1) Limited, Benton Finance Limited, and County Leasing & Finance Limited under the principles of Financial Reporting Standard 5.

The company has the following transactions in the year with its fellow quasi-subsiaries:

	The Funding Corporation (1) Limited £'000	Benton Finance Limited £'000	County Leasing & Finance Limited £'000	Total £'000
Securitised principal balance at 1 January 2008	49,778	3,807	1,427	55,012
Principal cash collections	(24,613)	(2,324)	(875)	(27,812)
Spread warranty amounts	(3,744)	(140)	(13)	(3,897)
Reserve fund warranty amounts	(442)	(31)	(27)	(500)
Securitised principal balances at 31 December 2008	20,979	1,312	512	22,803
Principal funds held on trust by Trustee	1,429	119	36	1,584
Trade debtors at 31 December 2008	22,408	1,431	548	24,387
Subordinated loan at 1 January 2008	4,547	584	147	5,278
Further loan advances	512	21	5	538
Reserve fund warranty amounts	(442)	(31)	(27)	(500)
Subordinated loan at 31 December 2008	4,617	574	125	5,316
Payaheads at 1 January 2008	(105)	(1)	(2)	(108)
Payaheads collected	(214)	(9)	(4)	(227)
Payaheads falling due	286	9	6	301
Amounts due to quasi-subsiaries at 31 December 2008	(33)	(1)	-	(34)
Payaheads falling due	286	9	6	301
Other interest collections	1,485	112	36	1,633
Interest receivable from the Eligible Receivable Trust	1,771	121	42	1,934

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements
for the year ended 31 December 2008 *(Continued)*

14 Related party transactions *(continued)*

During the year the company paid corporate service fees to Wilmington Trust SP Services (London) Limited amounting to £11,604 (2007: £11,638), including irrecoverable VAT, of which £10,142 (2007: £10,131) has been expensed.

15 Immediate holding company and controlling party

The immediate holding company is Snowdonia Holdings 2006-1 Limited, a company incorporated in England and Wales. Copies of their financial statements can be obtained from Companies House, Cardiff.

Snowdonia Holdings 2006-1 Limited's sole shareholder is Wilmington Trust SP Services (London) Limited which holds the share non-beneficially under a declaration of trust dated 28 September 2005 for charitable purposes. The directors regard the charitable trust as the ultimate controlling party.

Under the principles of Financial Reporting Standard 5 the company is deemed to be a quasi-subsiary of The Funding Corporation (1) Limited, Benton Finance Limited, and County Leasing & Finance Limited. The directors regard RN Edmiston as the ultimate controlling party of The Funding Corporation (1) Limited, Benton Finance Limited, and County Leasing & Finance Limited.