

Chester Asset Receivables Dealings 2002-A Plc

Annual report for the year ended

15 November 2008

Registered no: 4358521

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Chester Asset Receivables Dealings 2002-A Plc

Annual report for the year ended 15 November 2008

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Chester Asset Receivables Dealings 2002-A Plc

Directors, secretary and registered office

Directors

J West
Wilmington Trust SP Services (London) Limited
M McDermott

Secretary and registered office

J West
C/O Wilmington Trust SP Services (London) Limited
Fifth Floor
6 Broad Street Place
London
EC2M 7JH

Chester Asset Receivables Dealings 2002-A Plc

Directors' report for the year ended 15 November 2008

The directors present their report and the audited financial statements for the year ended 15 November 2008.

Principal activity and review of business

During the year to 15 November 2008 the company's ultimate controlling party was Bank of America Corporation, a company registered in the United States of America.

The principal activity of the company is the provision of long term finance for a portfolio of credit card receivables originated by MBNA Europe Bank Limited.

The company made a profit for the year after taxation of £45,869 (2007: £15,441). Dividends totalling £41,452 (2007: £40,000) were paid during the year.

Future outlook

The directors consider the level of business, the results and future prospects of the company to be satisfactory.

Key performance indicators ('KPIs')

Given the nature of the business, the company's directors are of the opinion that an understanding of the development, performance and position of the business can be derived from the KPIs that form part of the risk management process for the company. These are discussed in more detail in note 11 to these financial statements.

Principal risks and uncertainties

The company's activities expose it to a number of business risks. The directors have considered the company's risk management policies giving particular consideration to the company's exposure to price risk, credit risk, liquidity risk and cash flow risk. These are discussed in more detail in note 11 to these financial statements.

Directors

The names of the directors who were in office during the year and up to the date of signing of the financial statements are shown on page 1. The movements in Directors since 16 November 2007 are shown below:

Director	Date of appointment	Date of resignation
R Baker		28/02/2008
M McDermott	28/02/2008	

Chester Asset Receivables Dealings 2002-A Plc

Directors' report for the year ended 15 November 2008 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Each person who is a director at the time of the approval of the financial statements confirms the following:

- so far as the director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Directors' report for the year ended 15 November 2008 (continued)

Auditors

PricewaterhouseCoopers LLP, having offered themselves for reappointment, shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

On behalf of the board



J West
Director
23 February 2009

Chester Asset Receivables Dealings 2002-A Plc

Independent Auditors' Report to the members of Chester Asset Receivables Dealings 2002-A Plc

We have audited the financial statements of Chester Asset Receivables Dealings 2002-A Plc for the year ended 15 November 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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.

Chester Asset Receivables Dealings 2002-A Plc

Independent Auditors' Report to the members of Chester Asset Receivables Dealings 2002-A Plc (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 15 November 2008 and of its profit for the year 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.



PricewaterhouseCoopers LLP
23 February 2009
Chartered Accountants and Registered Auditors
Manchester

Chester Asset Receivables Dealings 2002-A Plc

Profit and loss account for the year ended 15 November 2008

	Notes	2008 £	2007 £
Administrative expenses		<u>(23,379)</u>	<u>(17,098)</u>
Interest receivable and similar income		31,401,934	22,928,861
Interest payable and similar charges	2	<u>(31,314,179)</u>	<u>(22,889,705)</u>
Profit on ordinary activities before taxation	3	64,376	22,058
Taxation on profit on ordinary activities	4	<u>(18,507)</u>	<u>(6,617)</u>
Profit for the financial year	13, 14	<u>45,869</u>	<u>15,441</u>

The company has no other gains or losses and therefore no separate statement of total recognised gains and losses is presented.

There are no material differences between the above results and their historical cost equivalent.

All results relate to continuing operations.

Chester Asset Receivables Dealings 2002-A Plc

Balance sheet as at 15 November 2008

	Notes	2008 £	2007 £
Called up share capital not paid	12	37,498	37,498
Fixed assets			
Financial assets	8	-	552,244,866
Current assets			
Financial assets	8	665,376,640	-
Cash at bank and in hand		66,718	70,186
		<u>665,443,358</u>	<u>70,186</u>
Creditors: amounts falling due within one year	9	(665,375,372)	(6,617)
Net current assets		<u>67,986</u>	<u>63,569</u>
Total assets less current liabilities		<u>105,484</u>	<u>552,345,933</u>
Creditors: amounts falling due after more than one year	10	-	(552,244,866)
Net assets		<u><u>105,484</u></u>	<u><u>101,067</u></u>
Capital and reserves			
Called up share capital	12	50,000	50,000
Profit and loss account	13	55,484	51,067
Equity shareholder's funds	14	<u><u>105,484</u></u>	<u><u>101,067</u></u>

The financial statements on pages 7 to 24 were approved by the board of directors on 23 February 2009 and were signed on its behalf by:



J West
Director

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008

1 Accounting policies for the year ended 15 November 2008

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, except as noted below.

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

1.2 Revenue recognition

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

1.3 Interest receivable and payable

Interest income and interest expense are recognised in the profit and loss account on an accruals basis.

1.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in UK Sterling, which is the company's functional and presentation currency.

b) Transactions and balances

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. All monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences between the translated transactions and subsequent cash settlements, or related translated balances, are taken to the profit and loss account. The company does not apply hedge accounting in relation to currency risk.

1.5 Changes in accounting policies

The company has adopted FRS 29 'Financial instruments: disclosures'. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly. There is no prior year adjustment to reserves resulting from adopting this standard, as its provisions relate to disclosure.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

1 Principal accounting policies (continued)

1.6 Financial instruments

The company classifies its investments in loan notes as loans and receivables, and includes these within financial assets on the balance sheet. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes.

Financial assets are recognised initially at their fair value. They are subsequently measured at amortised cost using the effective interest rate method. A provision for impairment will be recognised where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Loans and receivables are only classified as current assets where the company has an unconditional right to require settlement within 12 months of the balance sheet date.

Borrowings are recognised initially at their fair value, being their issue proceeds (fair value of the consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities where the company does not have the unconditional right to defer settlement for at least 12 months after the balance sheet date.

Financial assets and liabilities are recognised using trade date accounting. Financial assets are derecognised when the rights to receive cash flows from the assets have expired. Financial liabilities are derecognised when they are extinguished, that is to say when the obligation is discharged or cancelled or expires.

Interest income and expense arising on financial assets and liabilities is measured at the instruments' effective interest rate in accordance with FRS 26 'Financial instruments: recognition and measurement'.

1.7 Cash flows

The company is a wholly owned subsidiary of Chester Asset Securitisation Holdings Limited ('CASH'), and the cash flows of the company are included in the consolidated financial statements of CASH, the immediate parent company (see note 16), which are publicly available. Consequently, the company is exempt from publishing a cash flow statement as permitted by FRS 1 'Cash flow statements (revised 1996)'.

1.8 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted as at the balance sheet date.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

2 Interest payable and similar charges

	2008 £	2007 £
Interest payable on loan notes expiring within one year	31,314,179	-
Interest payable on loan notes expiring between one and two years	-	22,889,705
	<u>31,314,179</u>	<u>22,889,705</u>

The amortisation of issuance costs is included within interest payable as part of the effective interest rate calculation in accordance with FRS 26 'Financial instruments: recognition and measurement'.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting) the following:

	2008 £	2007 £
Auditors' remuneration	-	-
	<u>-</u>	<u>-</u>

Auditors' remuneration of £3,000 (2007: £3,000) that relates wholly to the audit of the company has been borne by a fellow group undertaking.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

4 Taxation on profit on ordinary activities

	2008 £	2007 £
Current tax:		
Corporation tax at 28.75% (2007: 30%)	<u>18,507</u>	<u>6,617</u>

The standard rate of corporation tax in the United Kingdom changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.75% and will be taxed at 28% in the future.

No timing differences have arisen during the period, which eliminated the need of producing the reconciliation note to the standard rate of corporation tax for the year of 28.75% (2007: 30%).

5 Director's emoluments

The emoluments of the directors during the year amounted to £10,400 (2007: £10,400) in respect of their services to Chester Asset Receivables Dealings 2002-A Plc. Of these emoluments £9,400 (2007: £9,400) represented fees borne by the company in connection with the services of the directors. The remaining emoluments of £1,000 (2007: £1,000) were borne by another group undertaking.

6 Employees

The average monthly number of people (including directors) employed by the company during the year was:

	2008	2007
Directors	<u>2</u>	<u>2</u>

7 Dividends

	2008 £	2007 £
Equity - Ordinary		
Final paid: £0.83 (2007: £0.80) per £1 share (note 14)	<u>41,452</u>	<u>40,000</u>

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

8 Financial assets

	2008 £	2007 £
Amounts falling due within one year		
Loan notes due from related parties (note 15)	656,565,651	-
Interest due from related parties (note 15)	8,800,108	-
Other amounts due from related parties (note 15)	10,881	-
	<u>665,376,640</u>	<u>-</u>
Amounts falling due after more than one year		
Loan notes due from related parties (note 15)	-	552,244,866
	<u>-</u>	<u>552,244,866</u>

No provision for impairment has been made against the amounts due from related parties.

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Loan notes due within one year	656,565,651	-
Interest payable	8,780,333	-
Corporation tax	18,507	6,617
Other creditors	10,881	-
	<u>665,375,372</u>	<u>6,617</u>

10 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Loan notes due between one and two years	-	552,244,866
	<u>-</u>	<u>552,244,866</u>

The floating notes 2009 were issued on 27 June 2002 and mature on 15 May 2009. The notes were all issued at 100% of their par value. Issuance costs of €1,705,000 were incurred on the class A notes, €136,500 on the class B notes and €272,500 on the class C notes. These amounts have been debited to the initial carrying value and are recognised in the profit and loss account through the effective interest rate calculation over the life of the notes in accordance with FRS 26 'Financial instruments: recognition and measurement'.

The company has not had any defaults of principal, interest or redemption amounts during the period on its borrowed funds.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management

Numerical financial instruments disclosures are set out below. Additional disclosures are set out in notes 1, 8, 9, and 10. Risk management disclosures have been revised in order to provide additional information to the users of the accounts, changes to these disclosures have accordingly been reflected in the comparative figures.

11.1 Nature and extent of risk arising from financial instruments

The company's principal activity is to issue debt securities and use the proceeds to invest in limited recourse loan notes issued by Deva One Limited ('Deva One'). Deva One in turn uses the proceeds to fund a contribution to the trust property in the UK Receivables Trust II (the 'receivables trust') creating an investor beneficiary interest in a pool of credit card receivables originated by MBNA Europe Bank Limited ('MBNA Europe'). For UK GAAP accounting purposes the acquisition of the credit card receivables into the receivables trust is treated as a loan to MBNA Europe, where Deva One's (and subsequently the company's) recourse for repayment is limited to the cashflows arising from the credit card receivables pool. In the event of a breach of warranty by the originator in relation to a receivable, MBNA Europe will be obliged to pay an amount equal to the outstanding face amount of such receivables to the receivables trustee. However otherwise there is no general right to recourse to MBNA Europe and MBNA Europe's assets will not be available to the company as a source of funds to make payments on the notes.

Cashflows arising from the credit card receivables in each payment period are used to make payments in accordance with the priority of payments or 'waterfall' within the structure. The debt securities issued by the company are in various tranches which differ in their seniority under the waterfall. Having met other obligations the company receives an amount of 0.01% of the value of the notes in issue. These amounts are calculated on a monthly basis and paid on a quarterly basis.

The above profit has a lower priority in the available funds cashflow than any spread and reserve account funding required for a particular series. The company will therefore only receive such profit amount to the extent that the cashflows arising from the pool of credit card receivables are sufficient to meet the payments due by the company or contractual spread and reserve account funding on the debt securities in issue.

Various factors influence credit card delinquency rates, ongoing account activity, and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of other sources of financing, competition in the credit card industry in the United Kingdom, political developments and government policies.

11.2 The management of risk

These risks were assessed on inception of the transaction and certain features are included in the securitisation structure which are designed to mitigate, but not eliminate, those risks throughout the life of the deal. These were described in detail in the prospectus relating to the issuance of the notes and are summarised below. In assessing those risks the directors rely on representations received from the originator and instruct the company's professional advisors to perform certain due diligence procedures on the company's behalf.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.2 The management of risk (continued)

The pool of credit card receivables is administered on behalf of the receivables trust by MBNA Europe in its role as the servicer. The directors reassess the risk that the cashflows arising from the credit card receivables will be insufficient to meet the company's obligations based on monthly quantitative data that they receive from the servicer concerning the pool of credit card receivables and the outstanding obligations in relation to the debt securities. Where necessary, the directors also make appropriate enquiries of the servicer and the company's professional advisors concerning specific matters which may affect the nature and extent of particular risks to the company.

Legal and regulatory risks

The transfer of the credit card receivables to the receivables trust is by way of equitable assignment of the receivables and legal title to the receivables and the underlying credit card accounts remains with the originator, MBNA Europe. Only in certain circumstances will the investor beneficiary have the right to demand that the originator give it legal title to the credit card receivables. As the receivables trustee does not hold legal title to the receivables, the rights of the receivables trustee and consequently, the eventual rights of the company to the cashflows arising from the pool of credit card receivables may be subject to the rights of borrowers against the originator.

Credit card loans are subject to consumer credit regulations and other consumer protection legislation. Failure to comply with the requirements of the legislation may in certain circumstances result in a credit card loan being unenforceable.

Under the terms of the transfer of the credit card receivables the originator has given certain representations and warranties concerning the enforceability of the credit card loans, their compliance with the normal lending criteria of the originator and with certain eligibility criteria for inclusion in the pool of credit card receivables.

Credit risk

The primary credit risk of the company relates to delinquency or default of Deva One on its payment obligations pursuant to the loan notes. This depends on the credit risk of the deemed loan to the originator, which in turn depends on the credit risk associated with the securitised pool of credit card receivables.

Credit enhancement is provided to the securitisation structure in a number of ways. The income on the credit card receivables is expected to exceed the interest payable on the deemed loan to the originator. This excess spread is available to make good any reductions in the principal balance of the pool of credit card receivables as a result of defaults by customers. In addition, in the event that the excess spread drops below certain pre-determined levels, the receivables trust may retain excess spread to ensure that the obligations under the waterfall can be met.

The likelihood of defaults in the pool of credit card receivables and the amounts that may be recovered in the event of default are related to a number of factors, and may vary according to characteristics such as the financial circumstances of the customer. Significant changes in the economy, or in the health of a particular geographical zone that represents a concentration in the securitised assets, could also affect the cashflows from the pool of credit card receivables. Key characteristics of the pool of credit card receivables within the UK Receivables Trust II for the period ending 31 October 2008 are shown below, along with key indicators of the performance of the trust.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.2 The management of risk (continued)

Composition by period of delinquency - securitised portfolio	Oct-08 £	Oct-08 %
30 to 59 days	121,934,414	1.96
60 to 89 days	92,762,237	1.49
90 or more days	225,080,500	3.61
	<u>439,777,151</u>	<u>7.06</u>

In general, receivables which are 30 or more days past due are considered to have a more significant risk of eventually being charged off.

Trust receivables analysis – securitised portfolio	Oct-08	Sep-08	Aug-08
Aggregate ending balance principal receivables (£m)	6,108	6,230	6,275
Seller's interest (30 day average)	25.05%	18.52%	10.71%

Trust performance analysis – securitised portfolio	Oct-08	Sep-08	Aug-08
Cash yield	21.27%	21.29%	20.19%
Gross charge offs	6.87%	6.88%	6.86%
Monthly payment rate	13.71%	13.29%	13.30%

Cash yield includes finance charge collections, fees, interchange, trust collection account interest earnings, and recoveries from defaulted accounts. Gross charge offs represent the write down of the principal balance of an account once the account has reached 180 days delinquency. The monthly payment rate is the rate at which payments on the credit card pool are being received by the trust.

Monthly excess spread analysis	3 month average	Oct-08	Sep-08	Aug-08
Excess spread	5.42%	5.48%	6.01%	4.76%

The excess spread calculation is detailed within the programme documents and is disclosed above at the individual series level. Excess spread represents the net amount of income minus expense cashflows associated with the securitised accounts.

The company's maximum exposure to credit risk is reflected by the amounts disclosed in the balance sheet.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.2 The management of risk (continued)

Liquidity risk

Liquidity risk is the risk that the company is unable to meet the payment obligations associated with its financial liabilities when they fall due.

The ability of the company to pay interest on the notes and to pay its other expenses is dependent upon the company receiving sufficient cashflow from Deva One (and thus indirectly from the pool of credit card receivables).

The company exactly matches the timing of its contractual cash outflows on its financial liabilities to the timing of the cash inflows on its investment in limited recourse loan notes issued by Deva One. This minimises the company's exposure to liquidity risk arising from timing differences between the dates on which a borrower's payment is collected or transferred to the company and the date on which the company makes payments on the notes.

From the end of the revolving period on 30 April 2008, principal repayments are made on the notes in accordance with the company's principal priority of payments, and reflect the amount of collections on the underlying pool of credit card receivables. The company is only required to make payments on the notes to the extent that it has received sufficient cashflows from Deva One (and thus indirectly from the underlying pool of credit card receivables), subject to a final legal maturity date of the notes of 15 July 2011.

Collections from the pool of credit card receivables reflect the terms and conditions of the credit card loans, in that there is no fixed term for repayment other than a general requirement to make at least their monthly contractual minimum payment.

Prepayment risks

Cashflows on the limited recourse loan issued by Deva One are dependent on the underlying pool of credit card receivables which has no fixed term for repayment. However, in the normal course of business, the life of the notes is likely to be significantly more than the weighted average life of the credit card receivables.

During the revolving period, principal collections on the credit card receivables may be used by the receivables trust to acquire additional credit card receivables. The amount of receivables in the trust over and above the aggregate investor interest (referred to as the seller's interest) is monitored and reported on a monthly basis to assess the need for any account addition. This minimises the risk that the pool of credit card receivables in the receivables trust will be too small to produce sufficient finance charge income to meet the obligations of the notes. The revolving period is defined in the programme documents.

The term of the notes specifies that payments on the notes will only be made to the extent that sufficient cashflows have been received from the company's assets (and indirectly from the credit card receivables). Payment rates in the trust are monitored and reported on a monthly basis to assess the adequacy of the cashflows arising from the credit card receivables.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.2 The management of risk (continued)

Market Risk

Interest rate risk

Cashflow interest rate risk is the risk that the future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The company manages its interest rate risk by exactly matching its financial assets and financial liabilities as to term and repricing dates.

The matching of term and repricing dates with respect to financial assets and financial liabilities substantially eliminates the sensitivity of the company's pre tax profits to movements in interest rates. A detailed interest rate gap analysis is therefore not required.

The underlying pool of credit card receivables within the structure comprises loans which are subject to contractual rates of interest set by the servicer based on perceived risk, general interest rates and other competitive considerations. The terms and conditions of the loans allow for repricing of the credit card receivables in certain instances. This mitigates the risk that changes in interest rates would result in the interest cashflows from the pool of credit card loans being insufficient to meet the interest payments due on the notes.

Currency risk

The pool of credit card receivables held within the trust are denominated in Sterling, the functional currency of both the company and Deva One. The company has issued notes denominated in Euros and is therefore exposed to currency risk, as the value of the notes will fluctuate due to changes in Euro exchange rates and in EURIBOR rate.

To manage this risk, the company has entered into the limited recourse loan with Deva One in currency. As shown in the table below, the principal of the loan to Deva One exactly matches the amount of the notes issued in Euros and therefore mitigates the company's exposure to currency risk.

	2008 €	2007 €
Investment in loan notes in Deva One	775,500,000	775,500,000
Debt securities in issue	(775,500,000)	(775,500,000)
	<u> </u>	<u> </u>
	-	-

As a result of this matching of principal and currency there is no sensitivity to movements in currency exchange rates.

In the absence of material change in the structure and the composition of the balance sheet and since the economic hedging of the currency risk has been demonstrated at inception, no further analysis is required.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.3 Fair value of financial assets and liabilities

Financial instruments measured at fair value using a valuation technique

None of the financial instruments held by the company are measured at fair value. The total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the period is thus £nil (2007: £nil).

Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the company's balance sheet at their fair value.

	2008 Book value £	2008 Fair value £	2007 Book value £	2007 Fair value £
Assets				
Called up share capital not paid	37,498	37,498	37,498	37,498
Cash at bank	66,718	66,718	70,186	70,186
Investment in loan notes	656,565,651	638,744,419	552,244,866	548,604,283
Interest receivable	8,800,108	8,800,108	-	-
Other assets	10,881	10,881	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Debt securities in issue:				
Notes A	(577,414,650)	(564,697,685)	(485,684,079)	(482,865,317)
Notes B	(33,016,935)	(31,288,129)	(27,768,174)	(27,373,560)
Notes C	(46,134,066)	(42,758,605)	(38,792,613)	(38,365,406)
Other liabilities	(8,809,721)	(8,809,721)	(6,617)	(6,617)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(i) *Called up share capital not paid*

Called up share capital not paid relates to a three quarter interest in 49,998 of the allotted and called up share capital.

The receivable balance does not bear any interest. The book value of these items does not differ materially from their fair value.

(ii) *Cash at bank*

Cash at bank includes inter-bank placements and items in the course of collection.

Cash at bank does not bear any interest. The book value of these items does not differ materially from their fair value.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.3 Fair value of financial assets and liabilities (continued)

Financial instruments not measured at fair value (continued)

(iii) Loans and receivables

Loans and receivables comprises amounts due from related parties in relation to the investments in loan notes issued by Deva One and the related accrued interest receivable.

Loan notes receivable are recorded at amortised cost and are disclosed within financial assets falling due within one year or financial assets falling due after more than one year in line with the maturity profile of the loans. The aggregate fair values are calculated based on quoted market prices of similar instruments in an active market.

Interest receivable is disclosed within financial assets falling due within one year and the fair value of this item does not differ materially from the book value.

The assets of the company are structured in such a way that so as to provide the company with an additional margin of 0.01% of the principal amount of the notes over the life of the notes. This is also disclosed as interest receivable within financial assets falling due within one year and the fair value of this item does not differ materially from the book value.

Other assets relates to other short term receivables due from related parties, and the fair value of this item does not differ materially from the book value.

The effective interest rates on the loan notes issued by Deva One were as follows:

	2008 %	2007 %
Due from related parties:		
Euro notes	<u>4.98 – 6.10</u>	<u>4.27 – 5.39</u>

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.3 Fair value of financial assets and liabilities (continued)

Financial instruments not measured at fair value (continued)

(iii) Loans and receivables (continued)

Carrying amounts of financial assets by currency are as follows:

	2008 £	2007 £
Amounts falling due within one year		
Due from related parties:		
Denominated in Euro	665,345,984	-
Denominated in Sterling	30,656	-
	<u>665,376,640</u>	<u>-</u>
Amounts falling due after more than one year		
Due from related parties:		
Denominated in Euro	-	552,244,866
	<u>-</u>	<u>552,244,866</u>

(iv) Debt securities in issue

The aggregate fair values are calculated based on quoted market prices in an active market.

The table below details the loan notes in issue. The priority of repayment (waterfall) between the different classes of notes, as defined in the term and condition of the notes, is the following: Class B is subordinated to Class A and Class C is subordinated to Class B.

Class	Date	Loan note details	2008 £	2007 £
A	27/06/2002	€682m due 2009 at 3M EURIBOR + 0.18%	577,414,650	485,684,079
B	27/06/2002	€39m due 2009 at 3M EURIBOR + 0.55%	33,016,935	27,768,174
C	27/06/2002	€54.5m due 2009 at 3M EURIBOR + 1.25%	46,134,066	38,792,613
			<u>656,565,651</u>	<u>552,244,866</u>

The effective interest rates of these instruments are the same as those disclosed under loans and receivables.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

11 Financial instruments and financial risk management (continued)

11.3 Fair value of financial assets and liabilities (continued)

Financial instruments not measured at fair value (continued)

(v) *Other liabilities*

Other liabilities represents the accrued interest payable on the loan notes in issue as well as other short term payables in relation to corporation tax and administrative expenses. These are disclosed within creditors falling due within one year and the fair value of these items does not differ materially from the book value.

Carrying amounts of financial liabilities by currency are as follows:

	2008 £	2007 £
Amounts falling due within one year		
Denominated in Euro	665,345,984	-
Denominated in Sterling	29,388	6,617
	<u>665,375,372</u>	<u>6,617</u>
Amounts falling due after more than one year		
Denominated in Euro	-	552,244,866
	<u>-</u>	<u>552,244,866</u>

11.4 Capital management

The company is not legally required to maintain a certain level of capital. Therefore, the capital is held at a minimum level and is not deemed to be a significant indicator for risk management purposes.

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

12 Share capital

	2008 £	2007 £
Authorised 50,000 (2007: 50,000) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 2 (2007: 2) ordinary shares of £1 each	2	2
Allotted, called up and quarter paid 49,998 (2007: 49,998) ordinary shares of £1 each	<u>49,998</u>	<u>49,998</u>
	<u>50,000</u>	<u>50,000</u>

13 Profit and loss account

	2008 £
At 16 November 2007	51,067
Profit for the financial year	45,869
Dividends (note 7)	<u>(41,452)</u>
At 15 November 2008	<u>55,484</u>

14 Reconciliation of movement in equity shareholder's funds

	2008 £	2007 £
Equity shareholder's funds as at 16 November	101,067	125,626
Profit for the financial year	45,869	15,441
Dividends (note 7)	<u>(41,452)</u>	<u>(40,000)</u>
Equity shareholder's funds at 15 November	<u>105,484</u>	<u>101,067</u>

Chester Asset Receivables Dealings 2002-A Plc

Notes to the financial statements for the year ended 15 November 2008 (continued)

15 Related party transactions

The company has invested in loan notes issued by Deva One Limited ('Deva One'). The amount outstanding at 15 November 2008 was £656,565,651 (2007: £552,244,866), disclosed within financial assets. As at 15 November 2008 both the company and Deva One are deemed to be subsidiaries of MBNA Europe Bank Limited ('MBNA Europe').

Interest receivable and similar income comprises £31,401,934 (2007: £22,928,861) receivable from Deva One. £8,810,989 (2007: £nil) of this amount is outstanding at the year end.

The issued share capital of the company is owned by Chester Asset Securitisation Holdings Limited ('CASH') whose shares are held by Wilmington Trust SP Services (London) Limited ('Wilmington'). Administration and directorial services were provided to the company by Wilmington totalling £9,400 (2007: £9,400), of which £nil (2007: £nil) is outstanding at the year end.

Martin McDermott is a director of Wilmington and CASH. Jonathan West is a director of CASH and Deva One.

16 Ultimate controlling party

At 15 November 2008 the directors regarded Bank of America Corporation, a company incorporated in the United States of America, as the ultimate controlling party of the company. The largest group into which the company's accounts are consolidated is that of Europe Card Services Partners (Scotland) Limited Partnership ('SLP'). Copies of the consolidated financial statements of SLP are available from Europe Card Services Partners (Scotland) Limited Partnership, 1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL.

The immediate parent company of Chester Asset Receivables Dealings 2002-A Plc ('the Issuer') and the smallest group into which the company's accounts are consolidated is Chester Asset Securitisation Holdings Limited ('CASH'), a private limited company incorporated in the United Kingdom. CASH was established for the purpose of holding the shares of the Issuer. Copies of the consolidated financial statements of CASH are available from the company secretary at the address on page 1.