

Company Number: 05568231

Snowdonia Securities 2006-1 PLC

Report and Financial Statements

Year Ended

31 December 2009



Snowdonia Securities 2006-1 PLC

Annual report and financial statements
for the year ended 31 December 2009

Contents

Page:

1	Directors' report
5	Report of the independent auditors
7	Profit and loss account
8	Balance sheet
9	Notes forming part of the financial statements

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 LLP
3 Hardman Street
Manchester
M3 3AT

Snowdonia Securities 2006-1 PLC

Report of the directors for the year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

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, The Funding Corporation (Benton) 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 8.1% (2008 3.3%)

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 2009

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 £1,458,386 (2008: £683,858) 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:

M H Filer
J C Schroeder
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 2009 nor 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 2009

Political and charitable contributions

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

Audit information

In the case of each of the persons who are directors of the company at the date when this report is approved

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- each of the directors has taken all of the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditors are aware of that information

This statement is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

Auditors

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

On behalf of the Board



M H Filer
Director

28 June 2010

Snowdonia Securities 2006-1 PLC

Statement of directors' responsibilities for the year ended 31 December 2009

Directors' responsibilities

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 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.

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.

Snowdonia Securities 2006-1 PLC

Report of the independent auditors

Independent auditors report to the members of Snowdonia Securities 2006-1 PLC

We have audited the financial statements of Snowdonia Securities 2006-1 PLC for the year ended 31 December 2009 which comprise of the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 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 (APB'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.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Snowdonia Securities 2006-1 PLC

Report of the independent auditors (*continued*)

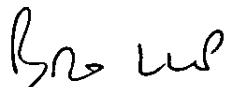
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year 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



Julien Rye (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Manchester
30 June 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Snowdonia Securities 2006-1 PLC

Profit and loss account for the year ended 31 December 2009

	Note	2009 £	2008 £
Interest receivable	4	1,002,867	2,599,270
Interest payable and similar charges	5	(921,786)	(2,514,139)
Administrative expenses		(80,818)	(84,250)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		263	881
Tax on profit on ordinary activities	6	(74)	(251)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and retained profit	11	189	630
		<hr/> <hr/>	<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 9 to 15 form part of these financial statements

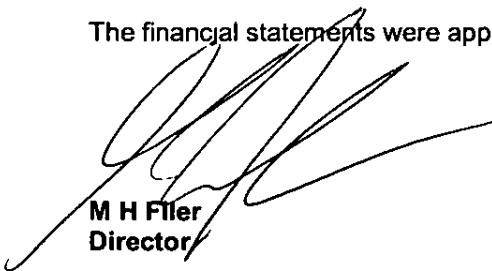
Snowdonia Securities 2006-1 PLC

Balance sheet at 31 December 2009

Company Number: 05568231

	Note	2009 £	2008 £
Current assets			
Debtors due within one year		6,146,408	14,716,831
Debtors due after more than one year		1,943,431	10,061,201
Debtors	7	8,089,839	24,778,032
Cash at bank and in hand		4,613,056	5,557,867
		12,702,895	30,335,899
Creditors' amounts falling due within one year	8	(94,790)	(253,454)
Net current assets		12,608,105	30,082,445
Creditors' amounts falling due after more than one year	9	(12,591,613)	(30,066,142)
Net assets		16,492	16,303
Capital and reserves			
Called-up share capital	10	12,502	12,502
Profit and loss account	11	3,990	3,801
Shareholder's funds	12	16,492	16,303

The financial statements were approved by the Board and authorised for issue on 28 June 2010



M H Filer
Director

The notes on pages 9 to 15 form part of these financial statements

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements for the year ended 31 December 2009

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 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 2006, 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. See note 13

2 Directors and employees

No emoluments were received or are receivable by any directors in respect of services during the year (2008 £nil). The company did not have any employees during the year (2008 nil)

Snowdonia Securities 2006-1 PLC

**Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)**

3 Operating profit

Operating profit is stated after charging £13,110 (2008 14,472), including irrecoverable VAT, for audit fees

4 Interest receivable

	2009 £	2008 £
Interest receivable on bank deposits	49,857	453,714
Interest receivable from the Eligible Receivables Trust	953,010	1,933,890
Interest receivable on swaps	-	211,666
	1,002,867	2,599,270

5 Interest payable and similar charges

	2009 £	2008 £
Interest payable on floating rate notes	351,375	2,514,139
Interest payable on swaps	570,411	-
	921,786	2,514,139

6 Tax on profit on ordinary activities

	2009 £	2008 £
Current tax on income for the period at the standard UK corporation tax rate of 28%	74	251
	74	251

7 Debtors

	2009 £	2008 £
<i>Debtors due within one year</i>		
Trade debtors	5,963,952	14,325,853
Amounts owed by fellow subsidiary undertakings	133,551	289,099
Other debtors	12,501	12,501
Prepayments and accrued income	36,404	89,378
	6,146,408	14,716,831
<i>Debtors due after more than one year</i>		
Trade debtors	1,943,431	10,061,201
Total debtors	8,089,839	24,778,032

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, The Funding Corporation (Benton) 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, The Funding Corporation (Benton) 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 2009 (*continued*)

8 Creditors' amounts falling due within one year

	2009 £	2008 £
Amounts due to quasi-subsiidiaries	6,296	34,456
Corporation tax	74	811
Other creditors	55,560	191,833
Accruals	32,860	26,354
	94,790	253,454

9 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Floating rate notes	8,050,000	24,750,000
Subordinated loan	4,541,613	5,316,142
	12,591,613	30,066,142

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

	2009 £	2008 £
Class C due 2016 (0.55% pa above LIBOR)	2,050,000	18,750,000
Class D due 2016 (2.25% pa above LIBOR)	6,000,000	6,000,000
	8,050,000	24,750,000

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 2009 the Reserve Fund is equal to the subordinated loan of £4,541,613 (2008 £5,316,142) and the Reserve Fund Required Amount was £9,000,000 (2008 £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 2009 (*continued*)

10 Share capital

	2009 £	2008 £
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 2009	3,801
Retained profit for the year	189
At 31 December 2009	3,990

12 Reconciliation of movements in shareholder's funds

	£
Opening shareholder's funds	16,303
Retained profit for the year	189
Closing shareholder's funds	16,492

Snowdonia Securities 2006-1 PLC

Notes forming part of the financial statements
for the year ended 31 December 2009 (*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 and manages this risk by way of an interest rate swap. The company entered into an interest rate basis swap to 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 £7,525,575 (2008 £23,775,721). 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 negative fair value of this swap at 31 December 2009 is £141,522 (2008 negative fair value £424,409) 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 £12,591,613 (2008 £30,066,412), are all denominated in sterling and all mature in 2016. Of this amount £8,050,000 (2008 £24,750,000) is floating rate (note 9) and £4,541,613 (2008 £5,316,142) is interest free. After taking into account the interest rate swap in place £7,525,575 (2008 £23,775,721) is fixed at 4.90%, £524,425 (2008 £974,279) is floating, and £4,541,613 (2008 £5,316,142) is interest free.

Financial assets

The financial assets of the company amount to £12,520,439 (2008 £29,944,921) which are at floating and fixed rates. This amount comprises

- cash at bank of £4,613,056 (2008 £5,557,867) which bears interest at 0.2% below one month LIBOR, and
- beneficial interests in loans of £7,907,383 (2008 £24,387,054) which are treated as limited recourse loans to The Funding Corporation (1) Limited, The Funding Corporation (Benton) 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 11.12% (2008 11.75%) and weighted average term to maturity of 16.18 months (2008 27.13).

Currency risk

All monetary assets and liabilities of the company are denominated in sterling and therefore the company is not exposed to currency risk.

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 £8,050,000 (2008 £24,750,000).

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 2009 *(continued)*

13 Financial instruments *(continued)*

Gains and losses on hedges

The swap acts as a hedge to eliminate the interest risk of the company. The unrecognised loss on the swap is £141,522 (2008 £424,409) at 31 December 2009. 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, The Funding Corporation (Benton) Limited, and County Leasing & Finance Limited under the principles of Financial Reporting Standard 5.

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

	The Funding Corporation (1) Limited £'000	The Funding Corporation (Benton) Limited £'000	County Leasing & Finance Limited £'000	Total £'000
Securitised principal balance at 1 January 2009	20,979	1,312	512	22,803
Principal cash collections	(12,200)	(901)	(345)	(13,446)
Spread warranty amounts	(1,396)	(43)	-	(1,439)
Reserve fund warranty amounts	(700)	(60)	(15)	(775)
	<u>6,683</u>	<u>308</u>	<u>152</u>	<u>7,143</u>
Securitised principal balances at 31 December 2009	707	39	19	765
Trade debtors at 31 December 2009	<u>7,390</u>	<u>347</u>	<u>171</u>	<u>7,908</u>
Subordinated loan at 1 January 2009	4,617	574	125	5,316
Further loan advances	-	1	-	1
Reserve fund warranty amounts	(700)	(60)	(15)	(775)
Subordinated loan at 31 December 2009	<u>3,917</u>	<u>515</u>	<u>110</u>	<u>4,542</u>
Payaheads at 1 January 2009	(33)	(1)	-	(34)
Payaheads collected	(52)	(2)	-	(54)
Payaheads falling due	79	3	-	82
Amounts due to quasi-subsiaries at 31 December 2009	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Payaheads falling due	79	3	-	82
Other interest collections	805	45	22	872
Interest receivable from the Eligible Receivable Trust	<u>884</u>	<u>48</u>	<u>22</u>	<u>954</u>

Snowdonia Securities 2006-1 PLC

**Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)**

14 Related party transactions (continued)

During the year the company paid trustee fees to Wilmington Trust SP Services (London) Limited amounting to £15,252 (2008 £11,604), including irrecoverable VAT, of which £13,813 (2008 £10,142) 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, The Funding Corporation (Benton) Limited, and County Leasing & Finance Limited. The directors regard RN Edmiston as the ultimate controlling party of The Funding Corporation (1) Limited, The Funding Corporation (Benton) Limited, and County Leasing & Finance Limited