

Chester Asset Receivables
Dealings 2001-A plc
Annual report for the year ended
15 November 2006

Registered no 04191120



Chester Asset Receivables Dealings 2001-A plc

Annual report for the year ended 15 November 2006

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Chester Asset Receivables Dealings 2001-A plc

Directors, secretary and registered office

Directors

J West
Wilmington Trust SP Services (London) Limited
J Fairrie

Secretary and registered office

J West
C/o Wilmington Trust SP Services (London) Limited
Tower 42
Level 11
25 Old Broad Street
London
EC2N1HQ

Chester Asset Receivables Dealings 2001-A plc

Directors' report for the year ended 15 November 2006

The directors present their report and financial statements for the year ended 15 November 2006

Business review and principal activities

Bank of America Corporation acquired the company's ultimate parent company, MBNA Corporation, on 1 January 2006

The company's principal activity 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 £29,196 (2005 £34,957) Dividends totalling £50,000 (2005 £52,500) were paid during the year

Future outlook

The directors remain confident that we will maintain our current level of performance in the future

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Financial risk management

Currency risk

The company has borrowed funds in foreign currency and has used these funds to invest in an equivalent amount of Loan notes in the same currency, issued by Deva One Limited, a related party, so as to limit the exposure to foreign exchange differences. It is the company's policy that no trading in financial instruments shall be undertaken

Interest rate risk

The company manages its interest rate risk by exactly matching the terms and rates of its assets and liabilities

Credit Risk

The company's total credit risk at 15 November 2006 is £539,070,681. This includes a significant concentration of credit risk with Deva One Limited of £539,070,681. The company is structured in such a way that if it can not collect amounts receivable it is not obliged to settle its liabilities

Liquidity Risk

Deva One Limited is obliged to pass sufficient net income to the company in order for it to meet the obligation of its outstanding loan notes and all of its on going cash requirements. The term of the related party loans and receivables is matched to the obligation to repay the Loan Notes at maturity thereby negating liquidity risk

Chester Asset Receivables Dealings 2001-A plc

Directors and their interests

The directors are set out on page 1 D Akin resigned as a Director and Company Secretary on 15 September 2006 J West was appointed as a Director and Company Secretary on 15 September 2006 None of the directors had any beneficial interest in the shares of the company during the year

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and the 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 year In preparing those accounts, 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 accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Auditors

Ernst and Young LLP resigned as auditors during the year The members voted to appoint PricewaterhouseCoopers LLP as auditors on 29 September 2006

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

By order of the board



J West
Director
13 June 2007

Independent Auditors' Report to the members of Chester Asset Receivables Dealings 2001-A plc

We have audited the financial statements of Chester Asset Receivables Dealings 2001-A plc for the year ended 15 November 2006 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the 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 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 judgements 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.

Independent Auditors' Report to the members of Chester Asset Receivables Dealings 2001-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 2006 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

Chartered Accountants and Registered Auditors

Manchester

14 June 2007

Chester Asset Receivables Dealings 2001-A plc

Profit and loss account for the year ended 15 November 2006

	Notes	2006 £	2005 £
Interest receivable and similar income		18,437,329	15,451,557
Interest payable and similar charges	2	(18,370,599)	(15,376,489)
Net interest income		66,730	75,068
Operating expenses		(25,022)	(25,129)
Profit before taxation	3	41,708	49,939
Taxation	4	(12,512)	(14,982)
Profit after taxation		29,196	34,957

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

Results relate to continuing operations


There is no difference between the above results and their historical cost equivalent

Chester Asset Receivables Dealings 2001-A plc

Balance sheet as at 15 November 2006

	Notes	2006 £	2005 £
Investments	6	-	533,140,083
Financial assets	7	535,571,444	-
		<u>535,571,444</u>	<u>533,140,083</u>
Current assets			
Financial assets	7	3,499,237	2,488,172
Cash at bank		93,512	108,503
		<u>3,592,749</u>	<u>2,596,675</u>
Creditors: Amounts falling due within one year	8	<u>(3,511,749)</u>	<u>(2,494,871)</u>
Net current assets		<u>81,000</u>	<u>101,804</u>
Total assets less current liabilities		<u>535,652,444</u>	<u>533,241,887</u>
Creditors: Amounts falling due after more than one year	9	<u>(535,571,444)</u>	<u>(533,140,083)</u>
Net assets		<u><u>81,000</u></u>	<u><u>101,804</u></u>
Capital and reserves			
Called up share capital	11	12,502	12,502
Profit and loss account	13	68,498	89,302
		<u>81,000</u>	<u>101,804</u>
Equity shareholder's funds	12	<u><u>81,000</u></u>	<u><u>101,804</u></u>

The financial statements on pages 6 to 15 were approved by the board of directors on 13 June 2007 and were signed on its behalf by



Director

Chester Asset Receivables Dealings 2001-A plc

Notes to the financial statements for the year ended 15 November 2006

1 Principal accounting policies

1.1 Accounting policies for the year ended 15 November 2006

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

1.2 Changes in accounting policies

The company has adopted FRS 23 'The effects of changes in foreign exchange rates', FRS 25 'Financial instruments Disclosure and presentation', FRS 26 'Financial instruments Measurement' and FRS 28 'Corresponding amounts', in these financial statements

The adoption of these standards has had no impact on the profit and loss reserves of the company as at 15 November 2005 or on the profit for the year then ended. Consequently there has been no restatement of comparative figures. It also had no impact on the result for the year ended 15 November 2006.

In accordance with the transitional rules for FRS 25 and FRS 26, the exemption regarding comparatives has been taken. Accordingly, only the disclosures required for the current (2006) year have been restated.

As a result of not restating comparatives, certain accounting policies apply from 16 November 2005 and not to the 2005 comparatives. These have been denoted by an asterisk below.

A summary of the more important accounting policies, which have been applied consistently for the year ended 15 November 2006, is set out below. These policies do not differ materially from the policies applied prior to 16 November 2005.

1.3 Investments*

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

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. The company does not apply hedge accounting in relation to currency risk.

Chester Asset Receivables Dealings 2001-A plc

1 Principal accounting policies (continued)

1.5 Financial instruments*

Financial assets are recognised initially at their fair value. They are subsequently measured at amortised cost using the effective interest 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.

Financial assets 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, i.e. 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.

1.6 Cash flows

The company is a wholly owned subsidiary of Chester Asset Securitisation Holdings Ltd (CASH), and the cash flows of the company are included in the consolidated group cash flow statement of CASH, the immediate parent company (see note 15). Consequently, the company is exempt from publishing a cash flow statement as permitted by FRS 1 "Cash Flow Statements (Revised)".

1.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

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1 Principal accounting policies (continued)

1.8 Prior year accounting policies

The following accounting policies were applicable in the prior year only

Investments

Investments are stated at cost less any provision for permanent diminution in value

Capital Instruments

Shares are included in shareholder's funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholder's funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

2 Interest payable and similar charges

	2006 £	2005 £
Interest payable on loan notes expiring between one and two years	18,370,599	15,179,317
Amortisation of deferred loan note issue costs	-	197,172
	<u>18,370,599</u>	<u>15,376,489</u>

The amortisation of issuance costs for the current year forms part of the interest payable balance as it has been calculated under the effective interest rate method.

3 Profit before taxation

Profit before taxation is stated after charging £2,996 (2005: £2,585) in respect of auditors' remuneration and directors' fees totalling £9,400 (2005: £9,400) in respect of management services provided. Auditors' remuneration relates wholly to the audit of the company.

4 Taxation

	2006 £	2005 £
UK corporation tax at 30% – Current year	12,512	14,982
	<u>12,512</u>	<u>14,982</u>

No timing differences have arisen during the period, which eliminated the need of producing the reconciliation note to the standard rate of corporation tax of 30%.

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5 Employees

The average monthly number of people (including directors) employed by the company during the year was 2 (2005 2) The company paid no remuneration to the directors Fees paid in respect of the services of the directors are disclosed in Note 3

6 Investments

Following the adoption of FRS 26 'Financial Instruments Measurements' in 2005 the investments have been categorised as loans and receivables and are included under financial assets The company has taken advantage of the exemption from retrospectively applying FRS 25 and FRS 26 to comparatives See Note 1 The investment as at 15 November 2005 was in loan notes issued by Deva One, a related party

7 Financial Assets

	2006 £	2005 £
(a) Amounts falling due after one year		
Due from related parties (Note 14)	<u>535,571,444</u>	<u>-</u>
(b) Amounts falling due within one year		
Due from related parties (Note 14)	<u>3,499,236</u>	<u>2,488,172</u>

No provision for impairment has been made against the amounts due from related parties Additional disclosures are included in Note 10

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Interest payable	3,496,446	2,477,304
Taxation	12,512	14,982
Other	2,791	2,585
	<u>3,511,749</u>	<u>2,494,871</u>

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9 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Loan notes due between one and two years	535,571,444	533,723,168
Unamortised issuance costs	-	(583,085)
	<u>535,571,444</u>	<u>533,140,083</u>

The floating notes 2008 were issued on 31 October 2001 and mature on 15 September 2008. The notes were all issued at 100% of their par value. Issuance costs of £1,760,000 were incurred on the class A notes, £87,500 on the class B notes and £175,000 on the class C notes and these amounts are being debited to the initial carrying value and credited to the profit and loss account through the effective interest rate over the life of the Notes in accordance with FRS26 as adopted in the current year.

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

10 Financial instruments

Numerical financial instruments disclosures are set out below. Additional disclosures are set out in the director's report under the heading of Financial risk management and also in Notes 1, 7, 8 and 9. In accordance with the transitional rules for FRS 25 and FRS 26, the exemption regarding comparatives has been taken. Accordingly, the current year disclosures are prepared in accordance with FRS 25 and the disclosures relating to the comparative period have been prepared in accordance with FRS 13. Refer to note 10 (a).

Financial Assets

Cash at bank does not bear any interest.

Loans and receivables

Amounts due from related parties are classified as loans and receivables and recorded at amortised cost.

The timing of the quarterly interest balances has resulted in an accrual of both interest receivable and payable as at 15 November 2006. These are disclosed within Debtors falling due within one year and Creditors falling due within one year respectively.

Non-current amounts due from related parties relate to loan notes issued by Deva One Limited and their book value does not differ materially from their fair value.

The effective interest rates on non-current amounts due from related parties were as follows:

	2006 %
Amounts falling due after one year	
Due from related parties	
Euro Notes	3.47
Sterling Notes	<u>5.97</u>

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10 Financial instruments (continued)

Financial Liabilities

The following Loan Notes are in issue

Class	Date	Loan Note details	Amortised cost after issuance costs £
A	31/10/01	€704m due 2008 at 3M EURIBOR + 0.23%	475,636,782
B	31/10/01	£25m due 2008 at 3M LIBOR + 0.70%	24,978,221
C	31/10/01	£35m due 2008 at 3M LIBOR + 1.50%	34,956,441
			<u>535,571,444</u>

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

Loan notes are repayable as follows:

	2006 £	2005 £
Between one and two years	<u>535,571,444</u>	<u>533,140,083</u>

The fair value of non-current amounts due from related parties were as follows

	2006 Book value £	2006 Fair value £
Amounts falling due after one year:		
Loan notes	<u>535,571,444</u>	<u>537,653,489</u>

In order to manage interest rate and currency risk, the net proceeds of notes issued by the company are invested in loan notes issued by Deva One Limited. This investment is on similar terms and in the same currency as the notes issued by the company, thereby minimising the company's exposures to both currency, cash flow and fair value interest rate risk.

Derivative financial instruments

The company has no derivative instruments

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10a Financial instruments – comparative period disclosures

The Company elected to apply the exemption from restatement of comparatives for FRS 25. Therefore, financial instrument disclosures for the comparative period have been prepared in accordance with FRS 13.

Disclosures dealt with below, other than currency disclosures, exclude short-term financial assets and creditors.

	Floating rate financial liabilities
	2005
Currency	£
Sterling	59,891,697
Euro	473,248,386
	<u>533,140,083</u>
	<u><u>533,140,083</u></u>
	Floating rate financial assets
	2005
Currency	£
Sterling	60,000,200
Euro	473,248,386
	<u>533,248,586</u>
	<u><u>533,248,586</u></u>

In the opinion of the directors there is no material difference between the carrying value of the financial instruments and their fair value.

The company does not have a liquidity facility. Deva Or.- Limited is obliged to pass sufficient net income to Chester Asset Receivables Dealings 2001-A plc in order for it to meet the obligation of its outstanding loan notes.

11 Share capital

	2006	2005
	£	£
Authorised		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, called up and quarter paid		
49,998 ordinary shares of £1 each	<u>12,500</u>	<u>12,500</u>
	<u><u>12,502</u></u>	<u><u>12,502</u></u>

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12 Reconciliation of movement in equity shareholder's funds

	2006 £	2005 £
Equity shareholder's funds at 16 November	101,804	119,347
Profit after tax	29,196	34,957
Dividends	(50,000)	(52,500)
Equity shareholder's funds at 15 November	81,000	101,804

13 Profit and loss account

	2006 £	2005 £
Reserves at 16 November	89,302	106,845
Profit after tax	29,196	34,957
Dividends	(50,000)	(52,500)
Profit and loss at 15 November	68,498	89,302

14 Related party transactions

The company has invested in loan notes issued by Deva One Limited. The amount outstanding as at 15 November 2006 was £535,571,444, disclosed within financial assets (2005 £533,140,083, disclosed within investments). As at 15 November 2006, both the company and Deva One Limited are deemed to be subsidiaries of MBNA Europe Bank Limited ("EBL").

Interest receivable and similar income includes £18,437,310 (2005 £15,451,557) receivable from Deva One Limited. £3,499,236 (2005 £2,488,172) of this amount is outstanding at the year end.

15 Ultimate controlling Party

At 15 November 2006 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 MBNA Europe Bank Limited (EBL). Copies of EBL's consolidated accounts are available from MBNA Europe Bank, Stansfield House, Chester Business Park, Chester CH4 9QQ.

The immediate parent company of Chester Asset Receivables Dealings 2001-A Plc ("Issuer"), and smallest group into which the company's accounts are consolidated, is Chester Asset Securitisation Holdings Ltd (CASH), a private limited liability company incorporated in the United Kingdom. CASH was established for the purpose of holding the shares of the Issuer. The results of the company are incorporated into the group accounts of CASH and are available from MBNA Europe Bank, Stansfield House, Chester Business Park, Chester CH4 9QQ.