Magnolia Finance V Public Limited Company

Directors' report and audited financial statements

For the year ended 31 March 2014

Registered number 402194

Magnolia Finance V Public Limited Company

Contents

Magnolia Finance V Public Limited Company

Directors and other information

Directors	Rhys Owens (Irish) Lynda Ellis (Irish) (appointed on 16 Sept 2013) Michael Carroll (Irish) (appointed on 20 December 2013 as alternate to Rhys Owens) David McGuinness (Irish) (resigned on 16 Sept 2013)	
Registered Office	*(As from 6 November 2014)* 6th Floor Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland	(Until 5 November 2014) 5 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Secretary and Administrator	Deutsche International Corporate Services (Ireland) Limited *(As from 20 October 2014)* 6th Floor Pinnacle 2 Eastpoint Business Park Dublin 3 Ireland	 *(Until 19 October 2014)* 5 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Arranger & Swap Counterparty	Credit Suisse International One Cabot Square London E14 4QJ United Kingdom	
Trustee	HSBC Corporate Trustee Company (UK) Limited Corporate Trust and Loan Agency 8 Canada Square London E14 5HQ	
Custodian, Paying Agent & Banker	HSBC Bank plc Corporate Trust and Loan Agency 8 Canada Square London E14 5HQ United Kingdom	
Independent Auditor	KPMG Chartered Accountants, Statutory audit firm 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland	
Solicitor	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland	
Banker	Bank of Ireland Corporate Banking 2 Burlington Plaza Burlington Road Dublin 4 Ireland	

Directors' report

The directors present the annual report and audited financial statements of Magnolia Finance V Public Limited Company (the "Company") for the year ended 31 March 2014.

Principal activities and business review

The Company is a public limited Company incorporated in Ireland on 16 May 2005 under registered number 402194.

The Company established a USD 5,000,000,000 Multi-Issuance Programme (the "Programme") to issue notes (the "Notes") and/or other secured limited recourse indebtedness. Notes issued under the Programme are issued in series (each a "Series") and the terms and conditions of the Notes of each Series are set out in a Supplemental Information Memorandum for such Series (each a "Supplemental Information Memorandum"). The terms and conditions of alternative investments are set out in a manner appropriate for that type of debt instrument.

Each Series of Notes are, unless otherwise specified in the Supplemental Information Memorandum, secured by a first fixed charge over certain specified assets of the Company (the "Charged Assets") and all rights and sums derived there from and a first fixed charge over funds in respect of the Charged Assets as are held from time to time by HSBC Bank plc (the "Custodian"). Each Series may also be secured by an assignment by way of security of the Company's rights under one or more swap or other hedging agreements (a "Swap Agreement"), together with such additional security (if any) as may be described in the relevant Supplemental Information Memorandum (together, the "Mortgaged Property"). The obligations of the Company under a Swap Agreement to Credit Suisse International (the "Swap Counterparty") under such Swap Agreement and to certain of the agents are, unless otherwise specified in the applicable supplemental information memorandum, also secured by certain assets comprised in the Mortgaged Property.

The Company has entered into a credit default swap agreement with Credit Suisse International. The swaps are further detailed under note 12 of the financial statements.

General information regarding the Company is further described in note 1 of the financial statements.

The Notes for Series 2006-5 and 2012-1 are listed on the main securities market of the Irish Stock Exchange. The Notes for Series 2013-1 and 2014-1 are listed on the main securities market of Cayman Islands Stock Exchange.

Key performance indicators

The Company is a Special Purpose Vehicle ("SPV") and its principal activity is to issue Notes, make investments and enter into derivative contracts. The best benchmark is prior year figures.

The directors confirm that the key performance indicators as disclosed below in the financial statements are those that are used to assess the performance of the Company.

During the year:

- the Company's net loss on debt securities amounted to USD 81,214,180 (2013: USD 73,263,697);
- the Company's net gain on investment securities amounted to USD 500,000 (2013: USD 453,000);
- the Company's net gain on derivative financial instruments amounted to USD 80,357,042 (2013: USD 72,624,108);
- the following Series of Notes were issued which is in line with the directors' expectations:
  Series 2013-1 USD 75,000,000 Credit Linked Notes due 2021
  Series 2014-1 USD 210,000,000 Credit Linked Notes due 2022
- the structure performed in accordance with the parameters set out in the multi-issuance programme and the performance is considered satisfactory due to the increased benefit owing to the Noteholders; and

As per the conditions specified in the Offering Circular Supplement, the Company has an option to redeem its Series of Notes early.

As at 31 March 2014:

- the Company's total debt securities issued issued was USD 552,998,000 (2013: USD 429,438,600);
- the net assets of the Company was USD 54,693 (2013: USD 53,943);
- the Company had the following Series of debt securities in issue:

Series	Type of notes	Maturity date	CCY	Nominal
2006-5	Principal Protected Notes	07-Nov-14	USD	10,000,000
2012-1	Credit-Linked Notes	02-Aug-20	USD	215,000,000
2013-1	Credit-Linked Notes	03-Aug-21	USD	75,000,000
2014-1	Credit-Linked Notes	18-Mar-22	USD	210,000,000

- the investments that the Company has in respect of each Series are included in note 11.

Credit events
There were no credit events during the year under review.

Future developments
The directors expect that the present level of activity will be sustained for the foreseeable future. The Board will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company. It is anticipated that while some Series will redeem or mature, it is also expected that new issuances will be made.

Going concern
The Company's financial statements for the year ended 31 March 2014 have been prepared on a going concern basis. Each asset and derivative transaction are referenced with a specific Note, and any loss derived from the asset or derivative will be ultimately borne by the Noteholders. The directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Company liabilities as they fall due. The Notes in issue as at 31 March 2014 have maturities ranging between the years 2014 to 2022. There have also been new Series of Notes issued during the year and for these reasons, the directors believe that the going concern basis is appropriate.

Business risks and principal uncertainties
The Company is subject to various risks. The key risks facing the Company are set out in note 23 to the financial statements.

Results and dividends for the year
The results for the year are set out on page 9. The directors do not recommend the payment of a dividend for the year under review (2013: nil).

Changes in directors, secretary and registered office
On 20 October 2014, the secretary of the Company changed its address from 5 Harbourmaster Place, IFSC, Dublin 1, Ireland to 6th Floor, Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland. On 06 November 2014, the registered office of the Company changed its address from 5 Harbourmaster Place, IFSC, Dublin 1, Ireland to 6th Floor, Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland. There were no

Directors, secretary and their interests
None of the directors and secretary who held office on 31 March 2014 held any shares in the Company at that date, or during the year. Except for the Administration agreement entered into by the Company with Deutsche International Corporate Services (Ireland) Limited, there were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the year.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risk arises from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited which has years of experience in this field.

Corporate Governance Statement
Introduction
The Company is subject to and complies with Irish Statute comprising the Companies Acts, 1963 to 2013 and the Listing rules of the Irish Stock Exchange which are applicable to the debt listed companies. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process
The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Corporate Governance Statement (continued)

Financial Reporting Process (continued)

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, Deutsche International Corporate Services (Ireland) Limited, to maintain the accounting records of the Company independently of Credit Suisse International (the "Arranger"), HSBC Bank Plc (the "Custodian") and HSBC Corporate Trustee Company (UK) Limited (the "Trustee"). The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodian. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view. Listed debt SPVs prepare annual financial statements which would have been reviewed by the board of directors before approving these.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. More specifically:

- The Administrator has a review procedure in place to ensure errors and omissions in the financial statements are identified and corrected.
- Regular training on accounting rules and recommendations is provided to the accountants employed by the Administrator.
- Accounting bulletins, issued by Deutsche Bank AG, London, an entity related to Deutsche International Corporate Services (Ireland) Limited, are distributed monthly to all accountants employed by the Administrator.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Capital Structure

The principal shareholders in the Company are Eurydice Charitable Trust Limited, MEDB Charitable Trust Limited, and BADB Charitable Trust Limited each holding 13,333 shares. Other than that, no person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

The directors confirm that share trustees have entered into a share trust agreement whereby they have agreed not to exercise their voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Acts, 1963 to 2013 and the Listing Rules of the Irish Stock Exchange. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the directors. The directors have delegated the day to day administration of the Company to the Administrator.

Directors' report (continued)

Audit committee
Statutory audits in Ireland are regulated by the European Communities Regulations, 2011 (S.I. 220 of 2011). According to the regulations, if the sole business of the Irish SPV relates to the issuing of asset backed securities, the SPV is exempt from the requirement to establish an audit committee (under Regulation 91(9) (d) of the Regulations). In this respect, the Company is not required to establish an audit committee.

Accounting records
The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing an Adminstrator that employs accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 6th Floor, Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland.

Subsequent events
Subsequent events have been disclosed in note 26 to the financial statements.

Independent auditor
In accordance with Section 160(2) of the Companies Act, 1963, KPMG, Chartered Accountants and Statutory Audit Firm, have expressed their willingness to continue in office.

On behalf of the board

Lynda Ellis

Lynda Ellis
Director

Date: 26/01/15

Rhys Owens
Director

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and 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 Company's financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Company's financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Company. The Companies Acts, 1963 to 2013 provide in relation to such financial statements that references in the relevant parts of those Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state that the financial statements comply with IFRS as adopted by the EU and in accordance with Companies Act 1963 to 2013; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2013. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board

Lynda Ellis

Lynda Ellis
Director

Rhys Owens
Director

Date: 26/01/15

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Independent Auditor's Report to the Members of Magnolia Finance V Public Limited Company

We have audited the financial statements of Magnolia Finance V Public Limited Company for the year ended 31 March 2014 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act 1990. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Financial Reporting Council.

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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 March 2014 and of its result for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013.

KPMG

Independent Auditor's Report to the Members of Magnolia Finance V Public Limited Company (continued)

Matters on which we are required to report by the Companies Acts 1963 to 2013

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The financial statements are in agreement with the books of account and, in our opinion, proper books of account have been kept by the company.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 March 2014 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Vincent Reilly

Vincent Reilly
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Date: 26th January 2015.

Statement of comprehensive income
For the year ended 31 March 2014

	Notes	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Interest income		357,138	186,589
Net gain on investment securities	5	500,000	453,000
Net loss on debt securities	6	(81,214,180)	(73,263,697)
Net gain on derivative financial instruments	7	80,357,042	72,624,108
Operating result		-	-
Other income	8	64,480	51,221
Other expenses	9	(63,480)	(50,221)
Profit before income tax		1,000	1,000
Income tax expense	10	(250)	(250)
Profit for the year		750	750
Other comprehensive income		-	-
Total comprehensive income for the year		750	750

All items dealt with in arriving at the result for the years ended 31 March 2014 and 31 March 2013 related to continuing operations.

The Company had no recognised gains or losses in the financial year other than those dealt with in the Statement of comprehensive income.

On behalf of the board

Lynda Ellis

Lynda Ellis
Director

Rhys Owens
Director

Date: 26/01/15

Magnolia Finance V Public Limited Company

Statement of financial position
As at 31 March 2014

	Notes	31-Mar-14 USD	31-Mar-13 USD
Assets			
Investment securities	11	9,850,000	9,350,000
Derivative financial assets	12	43,148,000	29,088,600
Other receivables	13	6,045,490	25,176
Cash and cash equivalents	14	58,677	56,731
Repurchase agreement receivable	15	425,000,000	215,000,000
Cash collateral	16	75,000,000	176,000,000
Total assets		559,102,167	429,520,507
Liabilities and equity			
Liabilities			
Debt securities issued	17	552,998,000	429,438,600
Other payables	18	6,049,474	27,964
Total liabilities		559,047,474	429,466,564
Equity			
Share capital – equity	19	50,568	50,568
Retained earnings		4,125	3,375
Total equity		54,693	53,943
Total liabilities and equity		559,102,167	429,520,507

On behalf of the board

Lynda Ellis

Lynda Ellis
Director

Rhys Owens
Director

Date: 26/01/15

The notes on pages 13 to 37 form an integral part of the financial statements.

Magnolia Finance V Public Limited Company

Statement of changes in equity
For the year ended 31 March 2014

	Share capital USD	Retained earnings USD	Total equity USD
Balance as at 1 April 2012	50,568	2,625	53,193
Total comprehensive income for the year			
Profit for the year	-	750	750
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	750	750
Balance as at 31 March 2013	50,568	3,375	53,943
Balance as at 1 April 2013	50,568	3,375	53,943
Total comprehensive income for the year			
Profit for the year	-	750	750
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	750	750
Balance as at 31 March 2014	50,568	4,125	54,693

The notes on pages 13 to 37 form an integral part of the financial statements.

Statement of cash flows
For the year ended 31 March 2014

	Notes	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Cash flows from operating activities			
Profit on ordinary activities before taxation		1,000	1,000
Adjustments for:			
Interest income		(357,138)	(186,589)
Interest expense		66,654,780	41,559,449
Net derivative income		(66,297,642)	(41,372,860)
Net gain on investment securities	5	(500,000)	(453,000)
Net loss on debt securities	6	14,559,400	31,704,248
Net gain on derivative financial instruments	7	(14,059,400)	(31,251,248)
Foreign exchange movements		(4,013)	2,184
Movements in working capital			
Increase in other receivables	13	(31,109)	(4,657)
Increase in other payables	18	32,430	4,691
Cash generated from operating activities		(1,692)	3,218
Interest paid		(60,665,575)	(41,559,449)
Derivative interest paid		60,350,362	41,372,860
Tax paid		(375)	-
Net cash used in operating activities		(317,280)	(183,371)
Cash flows from investing activities			
Investment in repurchase agreement	15	(285,000,000)	(215,000,000)
Interest received		315,213	186,589
Net cash used in investing activities		(284,684,787)	(214,813,411)
Cash flows from financing activities			
Issue of financial liabilities designated at fair value through profit or loss	17	285,000,000	215,000,000
Net cash generated from financing activities		285,000,000	215,000,000
Increase in cash and cash equivalents		(2,067)	3,218
Cash and cash equivalents at start of the year		56,731	55,697
Foreign exchange movements		4,013	(2,184)
Cash and cash equivalents at end of the year	14	58,677	56,731

1 General information

The Company is a public limited Company incorporated in Ireland on 16 May 2005 under registered number 402194.

The Company established a USD 5,000,000,000 Multi-Issuance Programme (the "Programme") to issue notes (the "Notes") and/or other secured limited recourse indebtedness. Notes issued under the Programme are issued in series (each a "Series") and the terms and conditions of the Notes of each Series are set out in a Supplemental Information Memorandum for such Series (each a "Supplemental Information Memorandum"). The terms and conditions of alternative investments are set out in a manner appropriate for that type of debt instrument.

Each Series of Notes are, unless otherwise specified in the Supplemental Information Memorandum, secured by a first fixed charge over certain specified assets of the Company (the "Charged Assets") and all rights and sums derived there from and a first fixed charge over funds in respect of the Charged Assets as are held from time to time by HSBC Bank plc (the "Custodian"). Each Series may also be secured by an assignment by way of security of the Company's rights under one or more swap or other hedging agreements (a "Swap Agreement"), together with such additional security (if any) as may be described in the relevant Supplemental Information Memorandum (together, the "Mortgaged Property"). The obligations of the Company under a Swap Agreement to Credit Suisse International (the "Swap Counterparty") under such Swap Agreement and to certain of the agents are, unless otherwise specified in the applicable supplemental information memorandum, also secured by certain assets comprised in the Mortgaged Property.

The Company has entered into a credit default swap agreement with Credit Suisse International. The swaps are further detailed under note 12 of the financial statements.

The Notes for Series 2006-5 and 2012-1 are listed on the main securities market of the Irish Stock Exchange. The Notes for Series 2013-1 and 2014-1 are listed on the main securities market of Cayman Islands Stock Exchange.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as adopted by the EU and as applied in accordance with the Companies Acts 1963 to 2013.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2014, the comparative information presented in these financial statements are for year ended 31 March 2013 and has been presented on a consistent basis.

These financial statements have been prepared on a going concern basis as defined in the Directors' report. The Company has no direct employees.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Investment securities designated at fair value through profit or loss are measured at fair value; and
- Debt securities designated at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in US Dollars ("USD") which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. Although the issued share capital of the Company is denominated in EUR, the financial liabilities are primarily denominated in USD. Therefore, the directors of the Company believe that USD most faithfully represents the economic effects of the underlying transactions, events and conditions.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Critical accounting judgements in applying the Company's accounting policies

The Company's accounting policy on fair value measurements is discussed under note 3(g) "Financial instruments". Critical accounting judgements are made in applying the Company's accounting policies in relation to valuation of financial instruments.

Valuation of financial instruments

The Company measures fair values using the following hierarchy of methods:

- Quoted market price in an active market for an identical instrument (level 1).
- Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market
- Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the

(e) Changes in accounting policies

There were no changes to accounting policies which had an impact on Company's financial statements during the year.

(f) New standards and interpretations

(i) Effective for annual periods beginning on 1 January 2013

A number of new standards and interpretations are effective for annual periods beginning on or after 1 January 2013. Of these, the following were of relevance to the Company and were adopted by it:

IFRS 13 Fair Value Measurement. This standard establishes a single framework for measuring fair value and making disclosures about fair value measurements, subject to limited exceptions, when such measurements are required or permitted by other IFRSs. Under IFRS 13, 'fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. IFRS 13 replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities were already required, the adoption of IFRS 13 requires the Company to provide additional disclosures. These include, but are not limited to, fair value hierarchy disclosures for certain financial assets and financial liabilities measured at amortised cost. There was no measurement impact on the Company in relation to adoption of this standard. Refer to Notes 22(e) Fair values for further details.

Given the limited rescource of the Notes, a moves from bid/offer to mid pricing will not have major impact on the financial statements and its going concern.

Amendments to IFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities). The amendments introduce disclosures about the effect or potential effect of offsetting arrangements on an entity's financial position. Based on the new requirements, the Company assessed that at this time no new disclosures arise as there is no offsetting of financial assets and financial liabilities in the statement of financial position and there are currently no master netting arrangement

(ii) Effective for annual periods beginning after 1 January 2013

The Directors have set out below both the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations and have then summarised the new requirements that may be relevant to the Company.

2 Basis of preparation (continued)

(f) New standards and interpretations (continued)

(ii) Effective for annual periods beginning after 1 January 2013 (continued)

Description	Effective date (period beginning)*
IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities. IASB also issued IAS 27 Separate Financial Statements (2011), which supersedes IAS 27 (2008) and IAS 28 Investments in Associates and Joint Ventures (2011), which	01 January 2014**
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	01 January 2014**
Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)	01 January 2014**
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to	01 January 2014**
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	01 January 2014**
IFRIC 21 Levies	01 July 2014
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	01 July 2014
Annual improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle	01 July 2014
IFRS 9 Financial Instruments (2009, and subsequent amendments in 2010 and 2013)	01 January 2018
IFRS 14 Regulatory Deferral Accounts	01 January 2016

*Where new requirements are endorsed the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

** EU endorsed

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and have concluded that the following may be relevant to the Company.

- The amendments to IAS 32 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities) clarify the offsetting criteria in IAS 32 by clarifying the guidance on when an entity currently has a legally enforceable right to set-off and when gross settlement is considered to be equivalent to net settlement. Based on its initial assessment, the Company does not expect these amendments to have an impact.
- IFRS 10 Consolidated Financial Statements establishes a new control-based model for consolidation that replaces the existing requirements of both IAS 27 and SIC-12 Consolidation - Special Purpose Entities. Under the new standard an investor controls an investee when (i) it has exposure to variable returns from that investee (ii) it has the power over relevant activities of the investee that affect those returns and (iii) there is a link between that power and those variable returns. The standard includes specific guidance on the question of whether an entity is acting as an agent or principal in its involvement with an investee. The assessment of control is based on all facts and circumstances and is reassessed if there is an indication that there are changes in those facts and circumstances.
- The Directors have assessed that IFRS 10 will not have an impact on the Company as it is a stand-alone entity with no interests that could potentially qualify as a subsidiary interest.
- IFRS 12 Disclosure of Interests in Other Entities sets out more comprehensive disclosures relating to the nature, risks and financial effects of interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity or operation. The Company is currently assessing whether any additional disclosures will arise in relation to any interest it holds.
- IFRS 9 has two financial asset measurement categories: amortised cost and fair value and eliminates the existing IAS 39 categories of held-to-maturity, available for sale and loans and receivables. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold the assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be continually remeasured at fair

2 Basis of preparation (continued)

(f) New standards and interpretations (continued)

- Future amendments are expected, in relation to impairment of financial assets and macro hedging. IAS 39 at that point will be completely replaced. The Company has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the remaining amendments before the evaluation can be completed. Given the nature of the Company's operations, this standard is not expected to have a pervasive impact on the Company's financial statements as the Company adopts fair value accounting in relation to all its significant financial instruments.

3 Significant accounting policies

(a) Net gain on investment securities

Net gain on investment securities relates to investments and includes all realised and unrealised fair value changes and interest income. Any gains and losses arising from changes in fair value of the financial assets designated at fair value through profit or loss are recorded in the Statement of comprehensive income. Details of recognition and measurement of financial assets are disclosed in the accounting policy of financial instruments (note 3(g)).

Realised gains and losses are recognised on disposal of financial assets, when the disposal price is not equal to the carrying value of the asset.

(b) Net loss on debt securities

Net loss on debt securities and includes all realised and unrealised fair value changes and interest expense. Any gains and losses arising from changes in fair value of the financial liabilities designated at fair value through profit or loss are recorded in the Statement of comprehensive income. Details of recognition and measurement of financial liabilities are disclosed in the accounting policy of financial instruments (note 3(g)).

Realised gains and losses are recognised on redemption of the financial liabilities when the redemption price is not equal to the carrying value of the financial liabilities.

(c) Net gain on derivative financial instruments

Net gain on derivative financial instruments relates to the fair value movements on swaps held by the Company and includes realised and unrealised fair value movements and net derivative income. Any gains and losses arising from changes in fair value of the derivative financial instruments are recognised in the Statement of comprehensive income. Details of recognition and measurement of derivative financial instruments are disclosed in the accounting policy of financial instruments (note 3(g)).

Realised gains and losses are recognised on termination of swap when the termination price is not equal to the carrying value of the financial liabilities.

(d) Other income and expenses

All other income and expenses are accounted for on an accrual basis.

(e) Income tax expense

Income tax expense is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity consistent with the accounting for the item to which it is

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash held at banks, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

There are no restrictions on cash and cash equivalents, in exception to the cash collaterals.

Cash and cash equivalents are carried at amortised cost in the Statement of financial position.

3 Significant accounting policies

(g) Financial instruments

The financial instruments held by the Company include the following:

- Investment securities;
- Repurchase agreement receivables;
- Cash held as collateral;
- Debt securities issued; and
- Derivative financial instruments

Categorisation

A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that is classified as held-for-trading or designated at fair value through profit or loss. (Investment securities, debt securities issued and derivative financial instruments).

The Company has designated its investment securities and debt securities issued at fair value through profit or loss. Derivative financial instruments that are not designated and effective as hedging instruments are classified as held for trading.

Investment securities

All financial assets held by the Company are designated at fair value through profit and loss upon initial recognition when they eliminate or significantly reduce an accounting mismatch, which would otherwise arise in relation to financial liabilities as

Repurchase agreement receivables

All repurchase agreement receivables held by the Company are designated as at fair value through profit and loss at initial recognition when they eliminate or significantly reduce an accounting mismatch, which would otherwise arise in relation to financial liabilities as explained below.

Cash held as collateral

Cash held as collateral represents restricted cash provided by Credit Suisse International ("CS"), in its capacity as swap counterparty, for credit enhancement. Cash held as collateral is categorised as loans and receivables and carried at amortised cost.

Derivative financial instruments

Derivative financial instruments include all derivative assets and liabilities that are used to economically hedge or create an appropriate risk exposure. Derivatives are not formally designated into a qualifying hedge relationship and therefore all changes in their fair value are recognised immediately in the Statement of comprehensive income. Along with hedging, the Company will also be exposed to some risks by entering into certain derivative instruments such as the risk of defaults in a credit default swap.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the Statement of comprehensive income immediately. A derivative with a positive fair value is recognised as a derivative financial asset; a derivative with a negative fair value is recognised as a derivative financial liability.

Debt securities issued

The financial liabilities are initially measured at fair value and are designated as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch or contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Initial recognition

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments at fair value. Any transaction costs, are accounted for in the Statement of Comprehensive income. From the trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded in the Statement of comprehensive income.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss are recognised directly in the Statement of comprehensive income. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

3 Significant accounting policies (continued)

(g) Financial instruments (continued)

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Designation at fair value through profit or loss upon initial recognition

The Company has designated financial assets and liabilities at fair value through profit or loss when either:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

These include financial assets and financial liabilities that are not held for trading, such as collaterals purchased and the Notes issued. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's offering document.

(h) Share capital

Share capital is issued in Euro (EUR). Dividends are recognised as a liability in the period in which they are approved.

(i) Other receivables

Other receivables do not carry any interest and are short-term in nature and have been reviewed for any evidence of impairment. Other receivables are accounted at amortised cost.

(j) Other payables

Other payables are accounted at amortised cost.

(k) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company has only one business unit and all administrating and operating functions are carried out and reviewed by the Administrator and Company Secretary, Deutsche International Company Services (Ireland) Limited.

The Company's principal activity is to invest in financial instruments which are the revenue generating segment of the Company. The Chief Operating Decision Maker (CODM) of the operating segment is the Board. The Company is a special purpose vehicle whose principal activities are the issuance of Notes and investment in securities. The CODM does not consider each underlying Series of Notes as a separate segment, rather they look at the structure as a whole. Based on that fact, the directors confirm that there is only one segment.

3 Significant accounting policies (continued)

(l) Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

4 Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 23 to the financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

For more complex instruments, the Company uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is further described in note 23(d).

The following methodologies have been applied in determining the fair values of each class of notes:

Credit-Linked Notes

Investment- The methodology applied to fair value the investments is to use the values provided by Credit Suisse International (the "arranger"), who uses the Vanilla Tranche Model and Bermudan Put Option on the Tranche Model to value these investments. Significant inputs into these models are directly or indirectly unobservable from market data.

Swaps- The methodology applied to fair value the credit default swaps, are obtained from the Swap Counterparty, who may use a variety of different valuation techniques including use of arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques propriety valuation models, credit spreads, recovery rates or any other valuation technique that provides a reliable estimate of prices obtainable should the instrument be traded.

Notes- Due to the limited recourse aspects of the Notes, the value will be the balancing figure of the sum of the value of the underlying collateral and the fair value of the swaps.

Details of the Credit Linked Notes are included in note 17.

Principal-Protected Notes

Investment- The methodology applied to fair value the investments is to use the values provided by Credit Suisse International (the "arranger"). Credit Suisse International use different inputs to value these investments, such as Bloomberg data and Reuters data, discount rate, recovery rate, default rate and proprietary models which are developed from recognised models.

Swaps- The methodology applied to fair value the credit default swaps, are obtained from the Swap Counterparty, who may use a variety of different valuation techniques including use of arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques propriety valuation models, credit spreads, recovery rates or any other valuation technique that provides a reliable estimate of prices obtainable should the instrument be traded.

Notes- Due to the limited recourse aspects of the Notes, the value will be the balancing figure of the sum of the value of the underlying collateral and the fair value of the swaps.

Details of the Credit Linked Notes are included in note 17.

5 Net gain on investment securities

	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Net gain on investment securities	500,000	453,000
Analysed as follows:		
Net change in fair value of investment securities	500,000	453,000
	500,000	453,000

6 Net loss on debt securities

	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Net loss on debt securities issued	(81,214,180)	(73,263,697)
Analysed as follows:		
Coupon expense	(66,654,780)	(41,559,449)
Net change in fair value of debt securities issued	(14,559,400)	(31,704,248)
	(81,214,180)	(73,263,697)

7 Net gain on derivative financial instruments

	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Net gain on derivative financial instruments	80,357,042	72,624,108
Analysed as follows:		
Net derivative income	66,297,642	41,372,860
Net change in fair value of derivative financial instruments	14,059,400	31,251,248
	80,357,042	72,624,108

8 Other income

	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Arranger income	59,465	48,236
Foreign exchange movements	4,013	-
Corporate benefit	1,000	1,000
Bank interest	2	54
Other income	-	1,931
	64,480	51,221

9 Other expenses

	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Administration expenses	(27,154)	(20,181)
Audit fees	(20,322)	(18,918)
Tax fees	(9,314)	(8,671)
Professional fees	(6,673)	-
Bank charges	(17)	(267)
Foreign exchange movements	-	(2,184)
	(63,480)	(50,221)

Auditor's remuneration in respect of the year: (Excluding VAT)	**EUR**	**EUR**
Audit of individual company accounts	(12,000)	(12,000)
Other assurance services	-	-
Tax advisory services	(5,500)	(5,500)
Other non-audit services	-	-
	(17,500)	(17,500)

9 Other expenses (continued)

The Company is administered by Deutsche International Corporate Services (Ireland) Limited and accordingly has no employees. The costs associated with the Company are paid by the Arranger, Credit Suisse International, including the audit fee of USD 20,322 (EUR 14,760), including VAT (2013: USD 18,918 (EUR 14,760)) and tax advisory fees of USD 9,314 (EUR 6,765), including VAT (2013: USD 8,671 (EUR 6,765)). No fees are paid to the directors (2013: nil).

10 Income tax expense

	Year ended 31-Mar-14 USD	Year ended 31-Mar-13 USD
Profit before tax	1,000	1,000
Current tax at 25%	(250)	(250)
Current tax charge	(250)	(250)

The Company will continue to be taxed at 25% (2013: 25%) in accordance with Section 110 of the Taxes Consolidation Act, 1997.

11 Investment securities

	31-Mar-14 USD	31-Mar-13 USD
Investment securities	9,850,000	9,350,000

Investment securities have upon initial recognition been designated at fair value through profit or loss in accordance with the accounting policies set out in note 3.

Maturity analysis of financial assets

	31-Mar-14 USD	31-Mar-13 USD
Within 1 year	9,850,000	-
More than 1 year and less than 5 years	-	9,350,000
More than 5 years	-	-
	9,850,000	9,350,000

Movement in financial assets

	31-Mar-14 USD	31-Mar-13 USD
At beginning of the year	9,350,000	8,897,000
Net changes in fair value during the year	500,000	453,000
At end of the year	9,850,000	9,350,000

The carrying value of the assets of the Company represents their maximum exposure to the credit risk. The credit risk is eventually transferred to the Swap Counterparty or the Noteholders through the individual terms of each Series in issue.

The financial assets are held as collateral for each Series of debt securities issued by the Company as per note 16.

Refer to note 23(b) for a description of the credit risk, concentration risk and currency risk disclosures relating to financial assets.

Details of the nominal values and terms of each Series is disclosed below:

Series	Description	Interest rate	Maturity Date	CCY	31-Mar-14 Nominal Source CCY	31-Mar-13 Nominal Source CCY
Principal Protected Notes						
2006-5	Halyard CDO I Plc	Zero-Coupon	30-Oct-51	USD	3,385,000	3,385,000
2006-5	USD 10,000,000 HBOS Treasury services Plc	Zero-Coupon	31-Oct-14	USD	10,000,000	10,000,000

The Halyard CDO I plc investment was liquidated and as such the Directors has carried the asset at nil value (2013: nil).

12 Derivative financial instruments
Movement in derivative financial instruments

	31-Mar-14	31-Mar-13
	USD	USD
At beginning of the year	29,088,600	(2,162,648)
Cash movements	(109,000,000)	(215,000,000)
Non-cash movements	109,000,000	215,000,000
Net changes in fair value during the year	14,059,400	31,251,248
At end of the year	43,148,000	29,088,600

	31-Mar-14	31-Mar-13
	USD	USD
Derivative financial assets	43,148,000	29,088,600
	43,148,000	29,088,600

	31-Mar-14	31-Mar-13
	USD	USD
Credit linked derivative contracts	43,148,000	29,088,600
	43,148,000	29,088,600

The table above relates to the fair value of the derivative financial instruments as at year end.

The Company enters into a derivative contract for each Series issued either to reduce mismatch between the amounts payable in respect of the debt securities and return from the investment securities held as collateral, to create a risk profile appropriate for the investor or to mitigate its exposure to market risk (interest rate risk and currency risk) within the Company. The rationale behind entering into these instruments is to provide an asset risk profile which is suited to the needs of the investors (the holders of debt securities).

Credit Suisse International (the "Arranger") also provides funding to meet expenses incurred by the Company.

Swap transactions
The derivatives entered into by the Company can be grouped into two categories, those that create a risk profile appropriate to the investor and, those that mitigate exposure to market risk.

The following derivatives have been entered into by the Company and may, in certain cases, create exposure to risk as opposed to mitigating risk.

Credit Default Swaps
As part of certain Series programmes the Company has entered into a credit default swap agreement for Series 2011-1, 2012-1, 2013-1 and 2014-1 with the Swap Counterparty in exchange for the receipt of premium income for the relevant Series, the Company has sold credit protection on a number of reference entities, (the "Reference Obligations"). By entering into the credit default swap Agreement, the Company is exposed to the risk that the reference portfolio underperforms resulting in the default of the underlying entities.

The Noteholders are exposed to the performance of the reference entities in the portfolio (the "Reference Portfolio") that is, the ability of the Company to meet its obligations under the Notes will depend on the receipt by it of payments of interest and principal under the Collateral Assets, as well as payments owed to the Company by the Swap Counterparty under the terms of the swap. Consequently, an investor is exposed not only to the occurrence of Credit Events in relation to any of the Reference Entities comprised in the Reference Portfolio to which the investor is linked (the "Specified Portfolio"), but also to the ability of the Company issuing the investments (the "Asset Issuer"), the Swap Counterparty to perform their respective obligations to make payments to the Company.

The aggregate liability of the Company under the Credit Default Swap Agreements for individual Series shall not exceed the aggregate of the eligible investment securities for those Series. No payment calls under the Credit Default Swaps were made during the year.

In the event of an issuance of a credit event notice with respect to the Reference Portfolio, the Company will pay an amount as defined in the Credit Default Swap Agreements from the assets of that Series to which the Credit Default Swap Agreement relates. As a consequence of defaults in reference obligations, the nominal is proportionally reduced by the relevant debt securities.

12 Derivative financial instruments (continued)
Credit Default Swaps (continued)

Credit Events
No credit events occurred since the year end.

Under the Credit Default Swaps, there is exposure to a wide range of countries and industries and due to the unique nature of each agreement in place, it is not practical to disclose details of all such exposures.

Details of the Credit Default Swap for each Series is detailed below:

Series	CCY	Notional	Maturity date	Exposure
2012-1	USD	215,000,000	03-Aug-20	Leveraged*
2013-1	USD	75,000,000	03-Aug-21	Reference Entities
2014-1	USD	210,000,000	18-Mar-22	Reference Entities

As at 31 March 2014, the notional size and headroom for Series 2011-1 for the credit default swap amount to USD 285,000,000 (Series 2013-1 and 2014-1) (2013: USD 176,000,000 for Series 2011-1).

*At inception of the Series, the leveraged exposure amounted to USD 2,687,500,000 which is approximately 13 times greater than the notional value of the notes.

13 Other receivables

	31-Mar-14	31-Mar-13
	USD	USD
Net swap receivable	5,947,280	-
Interest receivable	41,925	-
Arranger income receivable	32,996	4,906
Prepayment	22,789	20,270
Corporate benefit receivable	500	-
	6,045,490	25,176

14 Cash and cash equivalents

	31-Mar-14	31-Mar-13
	USD	USD
Cash at bank	58,677	56,731
	58,677	56,731

The Company's cash at bank are held with Bank of Ireland (100%). The Company has also bank accounts with HSBC Bank Plc. Refer to note 23(b) for credit risk disclosure relating to cash and cash equivalents.

15 Repurchase agreement receivable

	31-Mar-14	31-Mar-13
	USD	USD
Receivable from Triparty repo agreement counterparty	425,000,000	215,000,000

The receivable from Swap Counterparty is a Triparty Repo Agreement with Euroclear and is a rolling three month agreement with a final maturity on 3 August 2020.

Maturity analysis of repurchase agreement receivable	31-Mar-14	31-Mar-13
	USD	USD
Within 1 year	-	-
More than 1 year and less than 5 years	-	-
More than 5 years	425,000,000	215,000,000
	425,000,000	215,000,000

Movement in repurchase agreement receivable	31-Mar-14	31-Mar-13
	USD	USD
At beginning of the year	215,000,000	-
Additions during the year	210,000,000	215,000,000
At end of the year	425,000,000	215,000,000

16 Cash collateral

	31-Mar-14	31-Mar-13
	USD	USD
At beginning of the year	176,000,000	176,000,000
Movement in cash collateral	(101,000,000)	-
At end of year	75,000,000	176,000,000

The fixed deposit at 31 March 2014 is as follows:

Series	Description	Interest Rate	Maturity Date	CCY	31-Mar-14 Nominal Source CCY	31-Mar-13 Nominal Source CCY
2013-1	CS Guernsey Deposit	3m USD Libor	03-Aug-21	USD	75,000,000	-
					75,000,000	-

The fixed deposit is held with Credit Suisse AG London Branch.

Refer to note 23(b) for credit risk disclosure relating to cash and cash equivalents.

17 Debt securities issued

	31-Mar-14	31-Mar-13
	USD	USD
Financial liabilities	552,998,000	429,438,600

The debt securities were issued on the Irish Stock Exchange as part of a structured finance deal. The Company's obligations under the debt securities issued and derivative financial instruments are secured by the investment securities and investment in total return funding swap purchased as per notes 11 and 12. The investors' recourse per series is limited to the assets of that particular series. In the event that accumulated losses prove not to be recoverable during the life of the Company, then this will reduce the obligation to the holders of the debt securities by an equivalent amount.

Movement in financial liabilities	31-Mar-14	31-Mar-13
	USD	USD
At beginning of the year	429,438,600	182,734,352
Non-cash transactions		
Issue of financial liabilities	285,000,000	215,000,000
Redemption payments	(176,000,000)	-
Net changes in fair value during the year	14,559,400	31,704,248
At end of year	552,998,000	429,438,600

Maturity analysis	31-Mar-14	31-Mar-13
	USD	USD
Within 1 year	9,850,000	-
More than 1 year and less than 2 years	-	9,350,000
More than 2 years and less than 5 years	-	-
More than 5 years	543,148,000	420,088,600
	552,998,000	429,438,600

The debt securities issued are listed on the main securities market of the Irish Stock Exchange and Cayman Islands Stock Exchange. Refer to note 23 for a description of the key risks regarding the issue of these instruments.

17 Debt securities issued (continued)

The financial liabilities in issue at 31 March 2014 are as follows:

Serie	Type of Notes	Interest rate %	Maturity Date	CCY	31-Mar-14 Nominal Source CCY	31-Mar-13 Nominal Source CCY
2006-5	Principal protected	-	07-Nov-14	USD	10,000,000	10,000,000
2012-1	Credit-linked	13.980%	02-Aug-20	USD	215,000,000	215,000,000
2013-1	Credit-linked	12.922%	03-Aug-21	USD	75,000,000	-
2014-1	Credit-linked	-	18-Mar-22	USD	210,000,000	-
2011-1	Credit-linked	13.235%	25-Feb-19	USD	-	176,000,000
					510,000,000	401,000,000

At the reporting date, the Company's financial liabilities designated at fair value through profit or loss were concentrated in the following types:

Types of financial liabilities	31-Mar-14 %	31-Mar-13 %
Credit-Linked Notes	98	98
Principal-protected Notes	2	2
	100	100

18 Other payables

	31-Mar-14 USD	31-Mar-13 USD
Interest payable	5,989,205	-
Accrued expenses	60,019	27,589
Corporation tax payable	250	375
	6,049,474	27,964

19 Share capital – equity

	31-Mar-14	31-Mar-13
Authorised:	EUR	EUR
40,000 ordinary shares of EUR1 each	40,000	40,000
Issued and fully paid	USD	USD
40,000 ordinary shares of EUR1 each	50,568	50,568
Converted @ historic rate of EUR:USD 1.2642	50,568	50,568

20 Ownership of the Company

The issued shares are held in trust by Eurydice Charitable Trust Limited, Medb Charitable Trust Limited and Badb Charitable Trust Limited holding 13,332 shares each. Paul Farrell, Tara Doyle, Galvin Turlough and William Prentice each holding one share. The Share Trustees hold the issued shares of the Company in trust for charity.

A Board of Directors has been appointed at the date of inception to manage the day to day affairs of the Company. The Board have concluded that no individual party involved in the structure as identified on page 1 has the power to alter, in any way, the strategic investment objective of the Series as set out in the Series' prospectus. Substantially all the risks and rewards of the Company are transferred to the Noteholders.

21 Transactions with administrator and arranger

Transactions with administrator

During the year, USD 27,154 (EUR 20,000) (2012: USD 20,270 (EUR 20,000)) relating to administration services were provided by Deutsche International Corporate Services (Ireland) Limited. During the year 31 March 2014, USD 22,789 (2013: USD 20,270) relating to prepayment of administration expenses and other professional fees. Both directors are employees of Deutsche International Corporate Services (Ireland) Limited, which is the administrator of the Company and is considered to be a related party.

21 Transactions with administrator and arranger (continued)

Transactions with arranger

Credit Suisse International is the Arranger of the Company. Credit Suisse International, for each Series, paid the Company USD 500 on issuance of each new Series issued. All payments to and from the Swap Counterparty have been disclosed on the Statement of comprehensive income and the notes to the financial statements. In addition, all costs associated with the Company are paid by the Arranger. During the year, a fee of USD 27,154 (EUR 20,000) (2013: USD 20,270 (EUR 20,000)) relating to administration services, USD 20,322 (EUR 14,760) (2013: USD 18,918(EUR 14,760)) relating to audit fees and USD 9,314 (2013: USD 8,671 (EUR 6,765)) relating to tax advisory fees were paid by the Arranger.

The Company has also entered into various swap agreements with Credit Suisse International, as Swap Counterparty. Details of the swaps are disclosed in note 12 of the financial statements.

There were no other transactions with the administrator or arranger that require disclosure in the financial statements.

22 Charges

The Notes issued by the Series are secured by way of a charge over the collateral purchased by the respective Series and by an assignment of a fixed first charge of the Company's rights, title and interest under respective swap agreements for the Series. All of the financial assets designated at fair value through profit or loss on the Statement of financial position are held as collateral under each Series. The Charged Assets comprised of bonds as more particularly specified in the relevant Supplemental Information Memorandum.

The Charged Assets comprise those financial assets detailed in notes 11, 15 and 16 respectively and derivatives detailed in note 12. Further details on the profile of both are included in note 23.

23 Financial risk management

Introduction and overview

Magnolia Finance V Public Limited Company was incorporated on the 16 May 2005. The Company can issue securities under its USD 5,000,000,000 multi-issuance programme. The Company may raise finance by way of the issue of Notes or in other forms under the programme including, without limitation, by way of loan or entering into derivative transactions.

The net proceeds of each Series are used by the Company to purchase the Collateral, pay for or enter into any swap agreement and in meeting certain expenses and fees payable in connection with the operations of the Company and the issue of the Notes as set out in the relevant offering circular supplement relating to such tranche.

Risk management framework

The Company was set up as a segregated multi issuance SPV which ensures that if one Series defaults, the holders of that Series do not have the ability to reach other assets of the Company, resulting in the Company's bankruptcy and the default of the other Series of Notes. The segregation criteria include the following:

- The Company is a bankruptcy remote SPE, organised in Ireland;
- The Company issues separate Series of debt obligations;
- Assets relating to any particular Series of debt securities are held separate and apart from the assets relating to any other Series;
- Any swap transaction entered into by the Company for a Series is separate from any other swap transaction for any other Series;
- Each Series of debt securities, only the trustee are entitled to exercise remedies on behalf of the debt security holders; and
- Each Series of issued debt securities are reviewed by a rating agency prior to issuance regardless of whether it is to be rated or not.

The Company is not engaged in any other activities.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities and derivatives held for risk management purposes are borne fully by the holders of debt securities issued.

23 Financial risk management (continued)

The Company has exposure to the following risks from its use of financial instruments:
(a) Market risk;
(b) Credit risk and
(c) Liquidity risk

The Company operates in an autopilot mode with the risk management framework agreed at the time of issuance of the Notes and included in the prospectus of each Series of Notes. The prospectus provides detailed information to the Noteholders regarding their exposure to different risks as well as how such risks will be managed going forward until the maturity of Notes. The Board of Directors has responsibility to ensure compliance with the prospectus and execute different legal documents as the need arises.

The Company has entered into a number of Series in the Programme. Each Series is governed by a separate Prospectus and consists of an investment in collateral from the proceeds of the issuance of debt securities.

The Company has, in all of its Series, entered into Swap Agreements with Credit Suisse International. Refer to note 12 for a description of the different types of swaps entered into by the Company.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Noteholders are exposed to the market risk of the assets portfolio.

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns on risk.

(i) Interest rate risk

Interest rate risk is the risk that the Company does not receive enough interest from the underlying investments to secure interest payments on the Notes. There may be a timing mismatch between payments of interest on the Notes and payments of interest on the financial assets and, in the case of floating rate financial assets, the rates at which they bear interest may adjust more or less frequently, and on different dates and based on different indices than the interest rate of the debt securities.

Interest rate swaps have been entered into, where necessary, to match the interest flows on the financial assets, financial liabilities and derivative financial instruments. The actual interest rates applicable to the financial assets and liabilities of each Series are detailed in notes 11 and 17.

Interest received on the financial asset is passed on to the Swap Counterparty, in exchange for the required payments to the relevant Noteholders, therefore the Company does not bear interest rate risk. At the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments was:

23 Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (Continued)

31-Mar-14	Floating rate	Non-interest bearing	Total
	USD	USD	USD
Investment securities	-	9,850,000	9,850,000
Derivative financial assets	43,148,000	-	43,148,000
Other receivables	-	6,045,490	6,045,490
Cash and cash equivalents	58,677	-	58,677
Total return receivable	425,000,000	-	425,000,000
Cash collateral	75,000,000	-	75,000,000
Total assets	543,206,677	15,895,490	559,102,167
Debt securities issued	(552,998,000)	-	(552,998,000)
Other payables	-	(6,049,474)	(6,049,474)
Total liabilities	(552,998,000)	(6,049,474)	(559,047,474)
Net exposure	(9,791,323)	9,846,016	54,693

31-Mar-13	Floating rate	Non-interest bearing	Total
	USD	USD	USD
Investment securities	-	9,350,000	9,350,000
Derivative financial assets	29,088,600	-	29,088,600
Other receivables	-	25,176	25,176
Cash and cash equivalents	56,731	-	56,731
Total return receivable	215,000,000	-	215,000,000
Cash collateral	176,000,000	-	176,000,000
Total assets	420,145,331	9,375,176	429,520,507
Debt securities issued	(429,438,600)	-	(429,438,600)
Other payables	-	(27,964)	(27,964)
Total liabilities	(429,438,600)	(27,964)	(429,466,564)
Net exposure	(9,293,269)	9,347,212	53,943

Sensitivity analysis

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure tables above) at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates.

A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the interest income on the financial assets would have increased by USD 2,850,000 (2013: USD 2,150,000) and the interest expense on the financial liabilities would have increased by USD 4,660,000 (2012: USD 4,010,000).

Any such change in income generated from the financial assets and expense incurred from the financial liabilities will result in an equivalent net change in interest on derivatives.

The Company has designated its fixed financial assets and liabilities at fair value through profit or loss. Any change in interest rates would also affect the fair value of the floating rate financial assets and liabilities which would impact on the profit or loss of the Company. However, the Company have also neutralised risk by entering into swap agreements whereby all fair value changes are borne by the Noteholders and/ or the Swap Counterparty.

23 Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company also mitigates its exposure to currency mainly by matching the foreign currency assets with foreign currency liabilities and in cases of any net exposure, the Company has derivative financial instruments in place. The Company is exposed to movement in exchange rates between the US Dollar (USD), its functional currency, and certain foreign currencies namely Euro (EUR).

All debt securities issued and investment securities are denominated in USD. The Company's exposure to currency risk is not significant and limited to share capital issued of EUR 40,000 (USD 50,568) and cash and cash equivalents with the Bank of Ireland of EUR 42,616 (USD 58,677). All other financial assets and financial liabilities are denominated in USD.

The following significant exchange rates have been applied at year end:

	Closing rate	
	31-Mar-14	**31-Mar-13**
EUR : USD	1.3769	1.2817

Sensitivity analysis

The directors confirm that any movement in foreign exchange currency will not have a material impact on the assets and liabilities of the Company. Therefore no sensitivity analysis has been included.

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its Company or all factors affecting all instruments traded in the market.

Other price risks may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

The Company is exposed to price risk by investing in a portfolio of investments and is also exposed under swap agreements outlined in note 12. However, any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be borne by the Noteholders to the extent not borne by Swap Counterparty.

The following is the breakdown of the Company's investment securities at the reporting date:

Investment securities	**31-Mar-14**	**31-Mar-13**
	%	**%**
Credit-Linked Notes		
Listed	100	100
Principal-Protected Notes		
Unlisted	100	100

Sensitivity analysis

Any changes in the prices of the financial assets designated at fair value through profit or loss would not have any effect on the equity or net profit or loss of the Company as any fair value fluctuations in prices are ultimately borne by the Noteholders. All investment securities were disposed of and all swap agreements were terminated during the year.

An increase of 10% in the market prices of the financial assets and financial instruments at the reporting date would result in an equivalent increase in the fair values of the Notes of USD 55,299,800 (2013: USD 42,943,860). A decrease of 10% in the market prices of the financial assets and financial instruments at the reporting date would result in an equivalent decrease in the fair values of the Notes of USD 55,299,800 (2013: USD 42,943,860).

23 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of the financial loss to the Company if a Counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's credit linked assets. The Company's principal financial assets are cash and cash equivalents, other receivables, derivative financial instruments and financial assets designated at fair value through profit or loss, which represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit risk by only investing with counterparties that have a credit rating defined in the documentation of the relevant Series. The risk of default on these assets and on the underlying reference entities is borne by the Counterparty of the assets, the Swap Counterparty, or the holders of the debt securities of the relevant Series that the Company has in issue.

The credit risk relating to underlying reference entities arises principally from the investment assets which the Company holds which are credit-linked to a portfolio of underlying reference entities. Any default or "credit events" in the underlying portfolio of reference entities might trigger a reduction in the nominal amounts of the debt instrument which the Company holds depending on the headroom and the loss amounts as well as other terms and conditions on the debt. Because of the ring-fenced nature of the debt issued by the Company, any such losses would ultimately be borne by either the Swap Counterparty or the Noteholders.

Secondly, the Company has also sold credit protection to Swap Counterparty in the form of credit-linked or variable Notes issued to investors (or "Noteholders") in return for a premium. These Notes are credit-linked to the credit quality of the underlying portfolio of reference entities. Therefore any default or "credit events" in the underlying portfolio of reference entities might require a specific amount of the collateral i.e. certain investment assets held by the Company to be delivered to the Swap Counterparty which have purchased the credit protection. However, due to the ring-fenced nature of the debt issued by the Company, any such losses on investment assets would ultimately be borne by the Noteholders by way of corresponding reduction in the nominal amounts of the notes depending on the terms and conditions attached to Notes issued.

The above mentioned linking of the debt instruments to the underlying portfolio of reference entities is achieved by entering into credit default swap agreements with the Swap Counterparty. The credit defaults swap is a leveraged arrangement. The aggregate reference portfolio notional amounts are usually substantially higher than the notional amounts of the credit default swaps and the nominal amounts of the debt securities issued. This leverage increases the risk of loss to the Company and, therefore, to the Noteholders.

Refer to the table in note 23(d) "Fair values" for further details.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of financial position.

	31-Mar-14	31-Mar-13
Credit-Linked Notes	USD	USD
Cash and cash equivalents	58,677	56,731
Derivative financial assets	43,148,000	29,088,600
Cash collateral	75,000,000	176,000,000
	118,206,677	205,145,331
Principal-Protected Notes		
Investment securities	9,850,000	9,350,000

Counterparty risk

With respect to derivative financial instruments, credit risk arises from the potential failure of the counterparty to meet their obligations under the contract or arrangement. The Company's maximum credit risk exposure to derivative instruments as at 31 March 2014 is disclosed in note 12.

Refer to the note 12 for further details of the credit risk exposure from the Company's use of derivative financial instruments.

23 Financial risk management (continued)

(b) Credit risk (continued)

Counterparty risk (continued)

The debt securities issued in each Series are limited recourse to the assets in each particular Series and therefore the Noteholders are exposed to the credit risk of the Swap Counterparty and the issuers of the securities forming the portfolio of collateral of each Series where we have no swap in place.

The Company is exposed to the credit risk of the Swap Counterparty with respect to payments due under the Swaps. This risk is borne by the Noteholders who are subject to risk of defaults by the Swap Counterparty as well as to the risk of defaults by the reference obligations. Credit Suisse International is the counterparty on the swap transactions under Series 2012-1, 2013-1 and 2014-1. The directors are satisfied with the current exposure and monitor ratings of Credit Suisse International, as Swap Counterparty.

Credit Suisse International is the Swap Counterparty for the Series containing a Swap Agreement and has the following ratings:

	Long term 2014	Short term 2014	Long term 2013	Short term 2013
Standard & Poor's	A	A-1	A	A-1
Moody's	A1	P-1	A1	P-1
Fitch	A	F1	A	F1

Credit quality of financial assets

Cash and cash equivalents

The Company held cash and cash equivalents of USD 58,677 as at 31 March 2014 (2013: USD 56,731), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with different banks and financial institutions.

Cash balances are held with Bank of Ireland which has the following ratings:

	Long term 2014	Short term 2014	Long term 2013	Short term 2013
Standard & Poor's	BB+	B	BB+	B
Moody's	Ba2	N-P	Ba2	N-P
Fitch	BBB	F2	BBB	F2

Cash balances are held with HSBC Bank Plc which has the following ratings:

	Long term 2014	Short term 2014	Long term 2013	Short term 2013
Standard & Poor's	AA-	A-1+	AA-	A-1+
Moody's	Aa3	P-1	Aa3	P-1
Fitch	AA-	F1+	AA-	F1+

Financial assets

The credit quality of investment securities that are neither past due nor impaired can be assessed to external credit ratings from rating agency (S&P). At the reporting date, the rating analysis of the investment securities was as follows:

	31-Mar-14 %	31-Mar-13 %
Credit-Linked Notes		
Not rated	100	100
Principal-Protected Notes		
AAA	100	100

23 Financial risk management (continued)

(b) Credit risk (continued)

Concentration risk

At the reporting date, the Company's financial assets designated at fair value through profit or loss were concentrated in the following asset types and geographical locations:

By industry	**31-Mar-14**	**31-Mar-13**
Types of collaterals	**%**	**%**
Credit-Linked Notes		
Finance	100	100
Principal-Protected Notes		
Finance	100	100

By Geographical location	**31-Mar-14**	**31-Mar-13**
Country of origin	**%**	**%**
Credit-Linked Notes		
Luxembourg	85	55
Guernsey	15	-
UK	-	45
	100	100
Principal-Protected Notes		
Ireland	100	100

Derivative financial instruments

The Company is exposed to the credit risk of the Swap Counterparty with respect to payments due under the swaps. This risk is borne by the Noteholders who are subject to risk of defaults by the Swap Counterparty as well as to the risk of defaults by the reference obligations and the reference entities, in case of credit default swaps. Credit Suisse International is the counterparty on all the swap transactions. Credit Suisse International is currently rated A-1 (2013: A-1) by Standard & Poor's and the directors are therefore satisfied with the current exposure.

Other receivables

Other receivables mainly include arranger income receivable and prepayments as at the year end.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset and thus, the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders is limited to the net proceeds upon realisation of the collateral of the Series and should the net proceeds be insufficient to make all payments due in respect of a particular Series of Notes, the other assets of the Company are not contractually required to be made available to meet payment and the deficit is instead borne by the Noteholders and the swap counterparty according to the priority of payments mentioned in the agreements.

The timing and amounts from realising the collateral of each Series is subject to market conditions. There were no liquidity issues experienced by the Company or the Swap Counterparty in respect to meeting obligations to Noteholders or to Swap Counterparty. The Company or the Swap Counterparty did not default on any of its contractual commitments during the year.

23 Financial risk management (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of liabilities including undiscounted interest payments and excluding the impact of netting agreements:

31-Mar-14	Carrying amount	Gross contractual cash flows	Less than one year	Between one to five years	More than five years
	USD	USD	USD	USD	USD
Debt securities issued	(552,998,000)	(775,652,284)	(49,748,556)	(158,994,224)	(566,909,504)
Other payables	(6,049,474)	(6,049,474)	(6,049,474)	-	-
Net amount	(559,047,474)	(781,701,758)	(55,798,030)	(158,994,224)	(566,909,504)

31-Mar-13	Carrying amount	Gross contractual cash flows	Less than one year	Between one to five years	More than five years
	USD	USD	USD	USD	USD
Debt securities issued	(429,438,600)	(798,200,038)	(54,075,666)	(225,652,664)	(518,471,708)
Other payables	(27,964)	(27,964)	(27,964)	-	-
Net amount	(429,466,564)	(798,228,002)	(54,103,630)	(225,652,664)	(518,471,708)

(d) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of financial position, are as follows:

	Carrying value USD 31-Mar-14	Fair value USD 31-Mar-14	Carrying value USD 31-Mar-13	Fair value USD 31-Mar-13
Financial assets				
Investment securities	9,850,000	9,850,000	9,350,000	9,350,000
Derivative financial assets	43,148,000	43,148,000	29,088,600	29,088,600
	52,998,000	52,998,000	38,438,600	38,438,600
Financial liabilities				
Debt securities issued	(552,998,000)	(552,998,000)	(429,438,600)	(429,438,600)
	(552,998,000)	(552,998,000)	(429,438,600)	(429,438,600)

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 3(g) "Financial instruments" and note 4. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair value of a financial asset and liability is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced sale or liquidation. The fair values of the derivative financial instruments represent amounts payable to or receivable from the Swap Counterparty should the swaps be terminated at 31 March 2014 and 31 March 2013. The calculation of the value of the swaps is a function of time and movement in interest rates and credit spreads.

The fair value of debt securities approximate their carrying amounts as they carry floating rates of interest and the impact of discounting and changes in credit spreads is not significant.

The Company's derivative financial instruments are carried at fair value on the statement of financial position. The fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values. Their fair values together with carrying amounts shown in the Statement of financial position are disclosed above.

23 Financial risk management (continued)

(d) Fair values (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Company's financial instruments carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Fair value hierarchy as at 31 Mar 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Investment securities	-	9,850,000	-	9,850,000
Debt securities issued	-	-	(552,998,000)	(552,998,000)
Derivative financial assets	-	-	43,148,000	43,148,000
	-	9,850,000	(509,850,000)	(500,000,000)

	Fair value hierarchy as at 31 Mar 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Investment securities	-	-	9,350,000	9,350,000
Debt securities issued	-	-	(429,438,600)	(429,438,600)
Derivative financial assets	-	-	29,088,600	29,088,600
	-	-	(391,000,000)	(391,000,000)

Financial assets measured at Fair Value based on Level 3

	31-Mar-14	31-Mar-13
	USD	USD
Balance at beginning of year	9,350,000	8,897,000
Net changes in fair value during the year	500,000	453,000
Transfers out of Level 3*	(9,850,000)	-
Balance at end of year	-	9,350,000

* Financial assets designated at fair value through profit or loss have been transferred out of Level 3 to Level 2 since market prices of some of the collaterals are now based on observable inputs.

Financial liabilities measured at Fair Value based on Level 3

	31-Mar-14	31-Mar-13
	USD	USD
Balance at beginning of year	429,438,600	182,734,352
Issue of financial liabilities	285,000,000	215,000,000
Redemptions during the year	(176,000,000)	-
Net changes in fair value during the year	14,559,400	31,704,248
Balance at end of year	552,998,000	429,438,600

Due to the limited recourse nature of the structure, the fair value of the financial liabilities is based on the fair values of the respective financial assets and derivative financial instruments for each individual series and is sensitive to the changes to the underlying balances.

23 Financial risk management (continued)

(d) Fair values (continued)

Derivatives measured at Fair Value based on Level 3

	31-Mar-14	31-Mar-13
	USD	USD
Balance at beginning of year	29,088,600	(2,162,648)
Net changes in fair value during the year	14,059,400	31,251,248
Balance at end of year	43,148,000	29,088,600

The total amount of gain/loss estimated using a valuation technique based on significant unobservable data (Level 3) that was recognised in the Statement of comprehensive income is as follows:

	31-Mar-14	31-Mar-13
	USD	USD
Net fair value gain on financial assets	500,000	453,000
Net fair value loss on financial liabilities	(14,559,400)	(31,704,248)
Net fair value gain on derivative financial instruments	14,059,400	31,251,248
	-	-

Fair value measurement sensitivity analysis

If the price of Level 3 investments was to increase by 10%, this would increase investments by USD Nil (2013: USD 935,000).

Although the directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc and therefore, cannot be determined with precision.

(d) Profile of Series of debt securities issued by the Company

The following are the broad categories as at 31 March 2014:

Type of transaction	No of Series	%	Financial liabilities USD	%	Financial assets USD
Credit-Linked Notes	3	98	543,148,000	-	-
Principal-Protected Notes	1	2	9,850,000	100	9,850,000
		100		100	

The following are the broad categories as at 31 March 2013:

Type of transaction	No of Series	%	Financial liabilities USD	%	Financial assets USD
Credit-Linked Notes	3	98	420,088,600	-	-
Principal-Protected Notes	1	2	9,350,000	100	9,350,000
		100		100	

24 Assets and liabilities not carried at fair value but for which fair value is disclosed

The directors consider the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Carrying value	Fair value	Carrying value	Fair value
At amortised cost	USD	USD	USD	USD
Financial assets	31-Mar-14	31-Mar-14	31-Mar-13	31-Mar-13
Repurchase agreement receivable	425,000,000	425,000,000	215,000,000	215,000,000
Cash collateral	75,000,000	75,000,000	176,000,000	176,000,000
Cash and cash equivalents	58,677	58,677	56,731	56,731
Other receivables	6,045,490	6,045,490	25,176	25,176
Financial liabilities				
Other payables	(6,049,474)	(6,049,474)	(27,964)	(27,964)
	500,054,693	500,054,693	391,053,943	391,053,943

The Company's financial assets and financial liabilities that are not accounted for at fair value through profit and loss are short term financial assets and financial liabilities whose carrying amounts approximate fair values. The different levels have been defined in note 23 to the financial statements.

	Fair value hierarchy as at 31 Mar 2014			
	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Financial assets				
Repurchase agreement receivable	-	425,000,000	-	425,000,000
Cash collateral	-	75,000,000	-	75,000,000
Cash and cash equivalents	-	58,677	-	58,677
Other receivables	-	6,045,490	-	6,045,490
Financial liabilities				
Other payables	-	(6,049,474)	-	(6,049,474)
	-	500,054,693	-	500,054,693

	Fair value hierarchy as at 31 Mar 2013			
	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Financial assets				
Repurchase agreement receivable	-	215,000,000	-	215,000,000
Cash collateral	-	176,000,000	-	176,000,000
Cash and cash equivalents	-	56,731	-	56,731
Other receivables	-	56,731	-	56,731
Financial liabilities				
Other payables	-	27,964	-	27,964
	-	391,141,426	-	391,141,426

The carrying values of the financial assets and liabilities approximate their fair values.

25 Capital management

The Company views the share capital as its capital. The Company is a special purpose vehicle set up to issue debt for the purpose of making investments as defined under the programme memorandum and in each of the Series memorandum agreements. Share capital of EUR 40,000 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

26 Subsequent events

The following Notes matured after the year under review:

Series	Date matured
Series 2006-5: USD 10,000,000 Principal Protected Notes due 2014	07-Nov-14

There were no other significant events after year end up to the date of signing this report that require disclosure and/or adjustment in the financial statements.

Credit events

No credit events occurred after the year end.

27 Approval of financial statements

The Board of directors approved these financial statements on ....