

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**CDR LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

**COMPANY REGISTRATION NO. 89261**

## **CDR LIMITED**

### **CONTENTS**

	<b>PAGES</b>
Corporate Information	1
Directors' Report	2 - 3
Auditors' Report	4
Profit & Loss Account	5
Balance Sheet	6
Cashflow Statement	7
Notes to the Financial Statements	8 - 13

**CDR LIMITED**

**DIRECTORS**

Ian Roberts (resigned 05/09/11)  
Christopher Searson (resigned 05/09/11)  
Grant Collins (appointed 05/09/11)  
Malcolm Macleod (appointed 05/09/11)  
Mrs. Laura Hazzard  
Simon Kelly

**REGISTERED ADDRESS**

12 Castle Street  
St. Helier  
JE2 3RT

**SECRETARY**

Capita Secretaries Limited  
12 Castle Street  
St. Helier  
JE2 3RT

**ADMINISTRATORS**

Capita Trust Company (Jersey) Limited  
12 Castle Street  
St. Helier  
JE2 3RT

**AUDITORS**

Baker Tilly Channel Islands Limited  
PO Box 437  
13 Castle Street  
St. Helier  
Jersey  
JE4 0ZE

**SERVICER**

Exotix Limited  
2 Broadgate  
London  
EC2M 7UR

**BANKERS**

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

Royal Bank of Scotland International  
71 Bath Street  
St. Helier  
Jersey  
JE4 8PJ

**ISSUING AND PAYING AGENT AND COMMON DEPOSITARY**

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

**TRUSTEE**

Capita Trust Company Limited  
7<sup>th</sup> Floor  
Phoenix House  
18 King William Street  
London EC4N 7HE

## CDR LIMITED

### DIRECTORS' REPORT

The directors present their directors' report and the audited financial statements for the year ended 31 December 2011.

#### ACTIVITIES

The principal activity of the Company is to act as the issuer in a Pass-Through Certificate Issuer Programme relating to loan obligations of Banco Nacional de Cuba. The programme is listed on the Channel Island Stock Exchange.

The Company holds title to a portfolio of loan obligations of Banco Nacional de Cuba, guaranteed by the Republic of Cuba. However, due to the nature of the participation by security holders in the programme, which gives a contractual pass through of all rights and responsibilities of ownership, the directors do not regard it as appropriate to treat those assets as assets of the Company.

#### RESULTS AND DIVIDENDS

The Company made a loss during the year of £26,547 (2010: loss £30,578) and this has been taken to profit and loss reserve. No dividends are proposed for the year (2010: nil).

#### REVIEW OF DEVELOPMENTS

The Pass-Through Certificate Issuer Programme has performed as expected for the year under review.

#### FINANCIAL RISK MANAGEMENT

The Company is exposed to currency risk, liquidity risk and credit risk arising from the assets and liabilities held on the Balance Sheet.

Set out below is a description of the principal risks inherent in the Company's activities:

##### *Currency risk*

The Company is exposed to foreign exchange risk arising primarily from the Euro to Sterling. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies. The Company does not systematically hedge its foreign exchange risks as the Directors believe this exposure to be limited.

##### *Liquidity risk*

The Company does not have any material debtors. The Company's cash is held with financial institutions, which have good credit ratings, such that management does not expect any institution to fail to meet repayments of amounts held on deposit.

##### *Credit risk*

Credit risk is the risk resulting from third party counterparty default. The directors have assessed the risk as minimal as all transactions are undertaken with credit worthy counterparties.

#### FUTURE DEVELOPMENT

There have been no assignments issued subsequent to the year end date and there are no assignments planned for the immediate future.

#### DIRECTORS AND THEIR INTERESTS

The directors, all of whom served throughout the year, unless otherwise stated, were:-

Ian Roberts (resigned 05/09/11)  
Christopher Searson (resigned 05/09/11)  
Grant Collins (appointed 05/09/11)  
Malcolm Macleod (appointed 05/09/11)  
Mrs. Laura Hazzard  
Simon Kelly (appointed 05/09/11)

None of the directors have an interest in the share capital of the Company.

**CDR LIMITED**

**DIRECTORS' REPORT (Continued)**

**SECRETARY**

The secretary of the Company throughout the year ended 31 December 2011 was Capita Secretaries Limited.

**EMPLOYEES**

The Company had no employees, administrative functions were outsourced to Capita Trustees Limited.

**AUDITORS**

The auditors, Baker Tilly Channel Islands Limited, have expressed a willingness to continue in office.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. Under that law the directors have elected to prepare the financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained within the financial statements; 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 accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



FOR AND ON BEHALF OF  
CAPITA SECRETARIES LIMITED  
SECRETARY

Registered Office:  
12 Castle Street  
St. Helier  
Jersey  
JE2 3RT

**CDR LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CDR LIMITED**

We have audited the financial statements of CDR Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable Jersey law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) law 1991, as amended. 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 Statement of Directors' Responsibilities on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law, 1991 as amended.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- Proper accounting records have not been kept; or
- Proper returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns.

*Ewan John Spraggon*

**Ewan John Spraggon**  
**For and on behalf of Baker Tilly Channel Islands Limited**  
**Chartered Accountants**  
**St Helier, Jersey**  
*21 March 2012*

**CDR LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	31 December 2011 £	31 December 2010 £
Interest receivable	2	425	706
Profit/(loss) on foreign currency exchange		24	(3,601)
		<u>449</u>	<u>(2,895)</u>
Administrative expenses	3	(26,996)	(27,683)
(LOSS) FOR THE YEAR	9	<u>(26,547)</u>	<u>(30,578)</u>

The Company had no recognised gains or losses for the current year, other than those shown above and therefore no statement of total recognised gains and losses has been prepared.

The loss for the year was derived from continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

**CDR LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Notes	31 December 2011 £	31 December 2010 £
<b>CURRENT ASSETS</b>			
Loan receivable	5	2	2
Debtors and prepayments	6	2,813	3,387
Cash at bank		208,195	233,043
<b>TOTAL CURRENT ASSETS</b>		<u>211,010</u>	<u>236,432</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(27,683)</u>	<u>(26,558)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£183,327</u>	<u>£209,874</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	2	2
Profit and Loss account	9	£183,325	209,872
<b>SHAREHOLDERS' FUNDS</b>	10	<u>£183,327</u>	<u>£209,874</u>

The notes on pages 8 to 13 form part of these financial statements.

These financial statements were approved by the board of directors and signed on its behalf by:-

  
DIRECTOR

DATE 19/03/2012

  
DIRECTOR

DATE 19/03/2012



**CDR LIMITED****CASHFLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2011**

	31 December 2011 £	31 December 2010 £
<b>Cash flows from operating activities</b>		
Operating loss	(26,547)	(30,578)
Interest income	(425)	(706)
Changes in working capital:		
Decrease / (increase) in debtors	574	(275)
Increase / (decrease) in creditors	1,125	(4,905)
<b>Net cash outflow from operating activities</b>	<u>(25,273)</u>	<u>(36,464)</u>
<b>Returns on investment and servicing of finance</b>		
Interest received	<u>425</u>	<u>706</u>
<b>Net (decrease) in cash this year</b>	<u>(24,848)</u>	<u>(35,758)</u>
Cash at the beginning of the year	233,043	268,801
<b>Cash at the end of the year</b>	<u><u>£208,195</u></u>	<u><u>£233,043</u></u>

The notes on pages 8 to 13 form part of these financial statements.

## CDR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2011

## 1. ACCOUNTING POLICIES

*Basis of Accounting*

These financial statements have been prepared in accordance with the historical cost convention, and with applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

During the year the Company made a loss of £26,547 (2010: £30,578). The Directors have considered their obligation in relation to the assessment of going concern of the Company. The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

A summary of the more important accounting policies are set out below.

*Interest receivable*

Interest is brought into account on an accrual basis.

*Financial assets and liabilities*

Financial assets and liabilities are recognised on the historical cost basis, which approximate to fair value. Income and expenses associated with financial instruments are taken to the income account on an accruals basis.

The Company holds title to a portfolio of loan notes issued by Banco Nacional de Cuba and guaranteed by the Republic of Cuba, however due to the nature of the participation by security holders in those notes, which provide a contractual pass through obligation of all rights and responsibilities of ownership, the directors do not regard it as appropriate to treat those financial assets and liabilities as assets and liabilities of the Company.

*Expenses*

Expenses are accounted for on an accruals basis.

*Foreign currency*

Transactions denominated in foreign currencies are translated to United Kingdom Sterling at the rate prevailing at the date of the transaction, and monetary assets and liabilities denominated in foreign currencies are translated into United Kingdom Sterling at the rate prevailing at the balance sheet date. Exchange gains and losses are taken to the Profit & Loss Account.

## 2. INTEREST RECEIVABLE

	31 December 2011	31 December 2010
	£	£
Bank interest	425	706

## CDR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

## FOR THE YEAR ENDED 31 DECEMBER 2011

## 3. ADMINISTRATIVE EXPENSES

	31 December 2011 £	31 December 2010 £
Administration fees	7,825	8,475
Agency fees	6,000	6,000
Audit fees	7,000	7,036
Security trustees fees	3,775	3,800
Servicer fees	1,700	1,700
Accountancy fees	350	350
Annual return fee	175	150
ISE annual fee	100	100
Bank charges and interest	71	72
	<u>26,996</u>	<u>27,683</u>

## 4. TAXATION

Profits arising in the Company are subject to tax at the standard rate of 0%.

## 5. LOAN RECEIVABLE

	31 December 2011 £	31 December 2010 £
CDR Charitable Trust	<u>2</u>	<u>2</u>

The loan due from CDR Charitable Trust is unsecured, interest free and with no specified date of repayment.

## 6. DEBTORS AND PREPAYMENTS

	31 December 2011 £	31 December 2010 £
Due within one year:		
Prepayments	<u>2,813</u>	<u>3,387</u>
	<u>2,813</u>	<u>3,387</u>

## CDR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

## FOR THE YEAR ENDED 31 DECEMBER 2011

<b>7. CREDITORS: Amounts falling due within one year:</b>		
	31 December	31 December
	2011	2010
	£	£
Administration fees	7,500	7,725
Audit fees	7,000	7,000
Servicer fees	11,333	9,633
Accountancy fees	350	350
Agency fees	1,500	1,500
Other creditors	-	350
	<u>27,683</u>	<u>26,558</u>
<b>8. CALLED UP SHARE CAPITAL</b>		
	31 December	31 December
	2011	2010
<i>Authorised share capital</i>		
100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
<b>9. PROFIT AND LOSS ACCOUNT</b>		
	31 December	31 December
	2011	2010
	£	£
Balance brought forward	209,872	240,450
Retained loss for the year	(26,547)	(30,578)
	<u>183,325</u>	<u>209,872</u>
<b>10. RECONCILIATION OF SHAREHOLDERS' FUNDS</b>		
	31 December	31 December
	2011	2010
	£	£
Balance brought forward	209,874	240,452
Loss for the financial year	(26,547)	(30,578)
	<u>183,327</u>	<u>209,874</u>

## CDR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

## FOR THE YEAR ENDED 31 DECEMBER 2011

## 11. FINANCIAL INSTRUMENTS

*Fair value of financial assets and liabilities*

	Fair Value 31 December 2011 £	Fair Value 31 December 2010 £
Amounts due within one year (book value)	<u>27,683</u>	<u>£26,558</u>
Maturity of financial liabilities	31 December 2011 £	31 December 2010 £
Amounts falling due:		
In one year or less or on demand	<u>27,683</u>	<u>£26,558</u>

The maturity profile is determined by reference to the earliest date on which payment can be required or on which the liability falls due.

*Fair value of financial assets and liabilities not recognised*

The Company holds title to a portfolio of loan obligations of Banco Nacional de Cuba, guaranteed by the Republic of Cuba. However, due to the nature of the participation by security holders in the programme, which gives a contractual pass through of all rights and responsibilities of ownership, the directors do not regard it as appropriate to treat those assets and liabilities as assets and liabilities of the Company. Details of these are follows:-

Fair Value not recognised 31 December 2011 £	Fair Value not recognised 31 December 2010 £
<u>14,580,779</u>	<u>11,664,351</u>

The non-performing loans were issued by Banco Nacional de Cuba and, subject to certain eligibility criteria set out in the Information Memorandum, have been assigned to the Company by the beneficial owners of the loans in exchange for the issuance of pass-through obligations (the 'Securities'). The Company has no legal rights to the non-performing loans which have been assigned or to any monies arising from them.

## CDR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

## FOR THE YEAR ENDED 31 DECEMBER 2011

## 11. FINANCIAL INSTRUMENTS (continued)

The non-performing loans are as follows: -

	Nominal Value	Fair Value not recognised in Own Currency	Fair Value not recognised in Book Currency 31 December 2011	Fair Value not recognised in Book Currency 31 December 2010
			£	£
'A' Short Term Non Trade pre 1987	€48,362,708	€3,627,203	£3,029,739	£2,797,089
'B' Short Term Non Trade pre 1987	CHF36,325,000	CHF2,724,375	£1,874,742	£1,369,064
'C' Unrestructured post 1987	JPY5,475,210,830	JPY410,640,812	£3,434,256	£2,371,490
'D' Medium Term Loans	€49,692,396	€3,975,392	£3,320,574	£2,873,993
'E' Medium Term Loans	JPY2,018,897,452	JPY161,511,796	£1,350,749	£953,945
'F' Unrestructured pre 1987	€1,866,908	€74,676	£62,376	£55,987
'G' Unrestructured pre 1987	JPY4,508,888,760	JPY180,355,550	£1,508,343	£1,242,783
			<u>£14,580,779</u>	<u>£11,664,351</u>

The fair value was determined by Exotix Limited and is based on a percentage of the nominal value in the original currency as shown below and converted to Sterling using the exchange rates at 31 December 2011:-

'A' Short Term Non Trade pre 1987	7.50%	(2010: 6.75%)
'B' Short Term Non Trade pre 1987	7.50%	(2010: 5.50%)
'C' Unrestructured post 1987	7.50%	(2010: 5.50%)
'D' Medium Term Loans	8.00%	(2010: 6.75%)
'E' Medium Term Loans	8.00%	(2010: 6.00%)
'F' Unrestructured pre 1987	4.00%	(2010: 3.50%)
'G' Unrestructured pre 1987	4.00%	(2010: 3.50%)

	Fair Value of liabilities not recognised 31 December 2011	Fair Value of liabilities not recognised 31 December 2010
	£	£
Securities issued	<u>£14,580,779</u>	<u>£11,664,351</u>

**CDR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

**11. FINANCIAL INSTRUMENTS (continued)**

The Company has issued securities under the €2,000,000,000 Pass-Through Certificate Issuance Programme Securities in bearer form representing interests in non-performing loans of Banco Nacional de Cuba. The Securities are pass-through obligations and not indebtedness of the Company. Each Security evidences the right of its Security holder to receive (after deduction of applicable taxes and expenses) distributions equal to that Security's pro rata share of all principle, interest and other amounts actually received by the Company in respect of the non-performing loans.

The following Series have been issued:-

Series	Nature of Security	Maximum principal Sum	Nominal Value of securities issued
A	Pass-through Certificate due 2025	€276,000,000	€48,362,708
B	Pass-through Certificate due 2025	CHF412,000,000	CHF36,325,000
C	Pass-through Certificate due 2025	JPY20,000,000,000	JPY5,475,210,830
D	Pass-through Certificate due 2025	€260,000,000	€49,692,396
E	Pass-through Certificate due 2025	JPY7,874,000,000	JPY2,018,897,452
F	Pass-through Certificate due 2025	€154,000,000	€1,866,908
G	Pass-through Certificate due 2025	JPY20,000,000,000	JPY4,508,888,760

The fair value of the sum of the above Series is £14,580,779 (2010: £11,664,351) as these securities directly correspond to the non-performing loans.

There was no income or expenditure relating to these notes during the year.

**12. ULTIMATE CONTROLLING COMPANY**

The shares of the Company are held by nominees for the benefit of a trust which has been established for charitable purposes and the trustees of which are Capita Trust Company (Jersey) Limited.

**13. RELATED PARTY TRANSACTIONS**

The directors of the Company, the corporate secretary and the security trustee are either employed by or are provided by companies whose ultimate parent is Capita plc, a company listed on the London Stock Exchange. These operating companies provide directors, company administration, trustee and secretarial services to the Company at normal commercial rates. Fees payable to related parties during the year total £12,050 (2010: £12,625). Amounts outstanding at 31 December 2011 total £7,850 (2010: £8,075) and £2,813 (2010: £2,812) was paid to Capita Trust Company Limited in advance at 31 December 2011.