

Glacier Securities Limited

Directors' Report and Financial Statements

31 March 2011

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

R MacDarby
J McEnteggart
Orlagh Doherty (Alternate Director)
Barbara Shanahan (Alternate Director)

Secretary

Capita Trust Company (Ireland) Limited
Block C, Second Floor, Maynooth
Business Campus, Maynooth
Co.Kildare

Auditors

Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Bankers

The Bank Of New York Mellon
One Canada Square
London
England
E14 5AL

Solicitors

McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

Registered office

Block C Second Floor
Maynooth Business Campus
Maynooth
Co. Kildare

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the period ended 31 March 2011.

PRINCIPAL ACTIVITIES

Glacier Securities Limited (the "Company") is a segregated multi-issuance special purpose vehicle. The principal activity of the Company is to hold investments in the form of investment securities against debt securities issued by the Company ("Securities") which take the form of floating rate notes. Debt securities are issued in series (each a "Series"), each backed by a portfolio of asset-backed floating rate notes. These assets collateralise the debt securities issued in respect of the series. The series are segregated such that if one defaults, the holders of that series do not have automatic recourse over assets held in respect of other series of debt securities. Each series is governed by a separate trust deed ("Trust Deed"). Any surplus proceeds generated by a series may be distributed to holders of deferred consideration notes at the discretion of the Company, with approval of the trustees of that series. At the end of the reporting period, there was only one series in issue.

There have been no significant changes to the Company's principal activities since its creation on 1 March 2010, and therefore during the period under review, being the first reporting period for which accounts are published. At the date of this report the Directors are not aware of any likely significant changes in the Company's activities in the coming year.

RESULTS AND DIVIDENDS

The Profit and Loss Account for the period ended 31 March 2011 is set out on page 9. Both the level of business during the period and the financial position of the Company at the end of the period were satisfactory. The Directors do not recommend the payment of a dividend.

Upon acquisition of the underlying note, Glacier Securities Limited recorded a day one fair value uplift on the discounted cost price based on mark to model of £19.4m.

During December 2010 a restructuring took place over the notes issued by Glacier Securities Limited, due to the necessity of obtaining public ratings driven by Capital rule amendments. Series 1-2010 was fully redeemed and re-issued as Series 2-2010 per note 10. Glacier Securities Limited realised a gain of £2.1m from the restructure.

BUSINESS REVIEW

At the year end the asset value underlying the debt securities issued was £78,459,000.

DIRECTORS' REPORT (continued)**FUTURE BUSINESS DEVELOPMENTS**

The Directors expect the business will continue to hold investment securities financed by the issuance of series of debt securities for the foreseeable future. Additionally, as required, the Company may repurchase the securities of any series for their par value plus any accrued interest at the discretion of the Company (with the approval of Capita Trust Company Limited (the "Trustee")), or issue new series of securities. The business is subject to a number of risks, described below, which could adversely affect the business in future years and the Directors will continue to monitor and manage these risks.

GOING CONCERN

On the basis of current financial projections the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and as noted previously the Directors consider the assets of the Company to be adequate collateral against the debt securities in issue. Funding for the Company is provided by debt securities, which are committed until their termination date. A full list of termination dates by note is given in Note 10.

FAIR VALUE

Note 15 discloses the fair values of the Company's assets underlying the various series of notes. In the opinion of the Directors, no liquid secondary market currently exists for either the floating rate notes held as security for the series of issued Notes or the series of issued debt securities themselves. Accordingly Note 15 discloses fair values on the basis of internal cash flow models.

CORPORATE GOVERNANCE**Internal control and risk management systems relating to the financial reporting process:**

The directors are responsible for ensuring that appropriate internal control and risk management procedures relating to the financial reporting process are in place. Those systems are designed to manage, rather than eliminate, risks and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The company has procedures to ensure all relevant accounting records are properly maintained and are readily available, including production of annual financial statements. The company has appointed an independent administrator to maintain the accounting records. The administrator communicates with the directors as necessary.

From time to time the directors assess the risk of irregularities whether caused by fraud or error in financial reporting and consider internal and external matters with a potential affect on financial reporting.

DIRECTORS' REPORT (continued)**PRINCIPAL RISKS AND UNCERTAINTIES****Financial instrument risk**

The financial instruments held by the Company comprise asset-backed floating rate notes, cash, derivative financial instruments, debt securities and various other items (such as trade debtors, trade creditors, etc) that arise directly from its operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken other than to create or dissolve individual series at the discretion of the trustees.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk and price (market) risk. The Directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged for 2011.

Credit risk

Credit risk is the risk that the investment securities held by the company as security against the issued note series will default on its expected payments. Throughout the period, all assets held by the Company comprised securities which are rated by independent third party credit rating agencies. The directors are therefore satisfied that monitoring of credit risk may be performed with references to these ratings.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. As the issued debt securities pay a fixed coupon, the only interest rate risk is that EURIBOR could fall to a level which would prevent the notes paying their full coupon. The Company minimises interest rate risk structuring each series such that cash flows arising on assets held will, in the absence of any default, generally exceed cash flows paid to holders of issued debt securities, and therefore reducing the probability that a shortfall in cash flows could arise from adverse movement of underlying unmatched bases. The directors are satisfied that this is sufficient to address the risk arising from movements in interest rates.

Currency risk

Currency risk exists because the issued debt securities are denominated in Sterling which is different to the underlying Euro asset-backed securities. The Company has purchased a foreign exchange option in order to hedge this risk.

Liquidity risk

The Company's policy is to manage liquidity risk by matching the timing of the cash receipts from mortgage assets with those of the cash payments due on the loan notes. Each series is structured so that the timing of payment of the cashflows arising from the underlying asset-backed floating rate notes match the timing of payment of the notes issued for that series, and therefore no liquidity risk arises.

CORPORATE SOCIAL RESPONSIBILITY

The Company operates in accordance with the group ("Investec PLC") policies described in the Investec plc annual report which does not form part of this report.

DIRECTORS' REPORT (continued)**EMPLOYEES**

The Company does not have any employees.

DIRECTORS

The Directors who served throughout the period are as follows:

Orlagh Doherty (Appointed 01/03/2010; Resigned 08/08/2011)

Ralph MacDarby (Appointed 01/03/2010)

Robert Hughes (Appointed 24/03/2010; Resigned 26/10/11 - Alternate Director)

Joanne McEntegart (Appointed 08/08/2011)

Orlagh Doherty (Appointed 26/10/11 – Alternate Director)

Barbara Shanahan (Appointed 26/10/11 – Alternate Director)

None of the above mentioned directors is a director of the ultimate parent company.

None of the above mentioned directors or company secretary mentioned below had any interest in shares of the Company at the beginning of the period, at date of appointment or at the end of the period.

COMPANY SECRETARY

Capita Trust Company (Ireland) Limited acted as company secretary throughout the period.

BOOKS OF ACCOUNT

The Directors are responsible for ensuring that proper books and accounting records as outlined in Section 202 of the Companies Act, 1990, are kept by the Company. To achieve this, the Directors have engaged adequate and appropriate accounting resources supplied by a fellow group undertaking who report to the board and ensure that the requirements of Section 202 of the Companies Act, 1990 are complied with.

The books and accounting records are maintained at the company's registered office.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Directors have identified events occurring after the balance sheet which require additional disclosure which they believe will be useful to users of the financial statements. See note 17.

AUDITORS

Ernst & Young were appointed as auditors during the period and will continue in office in accordance with Section 160(2) of the Companies Act 1963.

Approved by the board of Directors and signed on behalf of the board.

Director

Date.....

Director

STATEMENT OF DIRECTOR'S 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 which give a true and fair view of the state of affairs of the company and under that law the directors have elected to prepare the company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The company's financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. 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.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts 1963 to 2009.

On behalf of the board


Director


Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLACIER SECURITIES LIMITED

We have audited the company's financial statements of Glacier Securities Limited for the period ended 31 March 2011 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether at the balance sheet date there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and transactions is not disclosed and, where practicable, include such information in our report.

We read other the Director's Report and we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. An audit includes examination, on a test basis, on evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLACIER SECURITIES LIMITED (continued)

Opinion

In our opinion the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 March 2011 and of its result for the period then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the balance sheet does not disclose 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.

A handwritten signature in black ink, appearing to be 'B. J. O'.

Ernst & Young

Chartered Accountants and Registered Auditors

Dublin

Date 21/1/2011

PROFIT AND LOSS ACCOUNT
for the period ended 31 March 2011

		Period ended 31 March 2011
	Notes	£'000
Income from investment securities	2	10,109
Interest payable on notes issued	3	(4,431)
Net interest receivable		<u>5,678</u>
Net fair value loss on derivatives		(1,289)
Unrealised exchange loss on restatement of assets		(329)
Net gain on restructure of issued notes		1,921
Net day one fair value gain on investment securities	7	19,429
Total operating income		<u>25,411</u>
Operating expenses		(25,411)
Profit on ordinary activities before taxation	4	0
Tax on loss on ordinary activities	5	0
Profit on ordinary activities after taxation	12	<u><u>0</u></u>

The Result for the current period was derived from continuing operations.

There were no recognised gains or losses other than the result for the current period. Accordingly, no statement of recognised gains and losses is presented.

The notes on pages 11 to 20 form an integral part of these financial statements.


Director


Director

BALANCE SHEET
at 31 March 2011

	Notes	31 March 2011 £'000
Assets		
Non-current assets		
Investment securities	7	78,459
Current assets		
Debtors: amounts falling due within one year	8	1,002
Cash at bank and in hand		535
Derivative financial instruments	14	2,825
		<u>4,362</u>
Creditors: amounts falling due within one year	9	(409)
Net current assets		<u>3,952</u>
Total assets less current liabilities		<u>82,411</u>
Creditors: amounts falling due after one year	10	(82,411)
Net Assets		<u><u>0</u></u>
Capital and reserves		
Called up share capital	11	0
Profit and loss account	12	0
Shareholders' Funds		<u><u>0</u></u>

The notes on pages 11 to 20 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

Director

Olav Poler
 Date: *2nd November 2011*

Director

Barbara Hinchon

Notes to the financial statements

For period ended 31 March 2011

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

Basis of preparation

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts 1963 to 2009. The accounts have been prepared under historical cost convention except for derivative financial instruments which are carried at fair value. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board. The company is a limited company incorporated, registered and domiciled in the Republic of Ireland. The debt securities issued by the Company (see note 10) are listed on the Irish Stock Exchange.

The financial statements have been prepared under the going concern basis.

Financial instruments: Disclosures

The Company is applying the exemption under FRS 29 section 2D as the Company is a subsidiary of a Company where greater than 90% of the voting rights are controlled within the Group, and the ultimate parent company's financial statements are publicly available which comply with FRS 29 disclosure requirements.

Functional currency

The Company's functional currency is Sterling, as it maintains its accounting records and conducts most transactions in this currency. For statutory reporting purposes the Company has a presentational currency of Sterling.

Balance sheet translation was carried out at closing rate as at 31 March 2011 and profit and loss account translation was carried out at the average rate over the reporting period. The foreign exchange difference arising from retranslating the profit and loss account at average rates and the balance sheet at closing rates are recognised in the profit and loss account.

Income recognition

Interest income is recognised using the effective interest rate method.

Expense recognition

Interest expense is recognised using the effective interest rate method.

Financial instruments

Financial instruments are initially recognised at their fair value plus, for financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liabilities.

All initial fair value adjustments are measured on a mark to model basis with observable inputs.

The financial instruments are subsequently measured at amortised cost taking into account repayments at interest payment dates where applicable.

Unamortised discount on purchase of asset-backed floating rate notes

Asset-backed floating rate notes were purchased at discount on cost and a day one fair value uplift was taken based on mark to model based on observable market data. These notes are classified as loans and receivables, held at amortised cost, and hence an element of discount or premium arises where the fair value of purchase (including any day one uplift) is different to the nominal value of the instrument. These amounts have been capitalised and are released on an effective yield basis to the Profit and Loss account in accordance with the expected average life of the securitisation assets in each series at the date of issue.

Notes to the financial statements

For period ended 31 March 2011

1. ACCOUNTING POLICIES (continued)**Deferred consideration**

Any excess interest unpaid to holders of the issued debt securities of Glacier Securities Limited is held by the Company until it is paid to holders at maturity of the deferred consideration notes, with the approval of the Trustees. Accordingly an accrued deferred consideration payable is recognised on the balance sheet until such distributions are made.

De-recognition of financial assets and liabilities**(i) Financial assets**

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the entity has transferred its rights to receive cash flows from the asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

During the year the entity de-recognised issued series 2010-1 and re-issued series 2010-2. The de-recognition was performed at arms-length with a gain on disposal recognised in the income statement.

Derivatives

The entity holds foreign currency options to hedge against currency risk. These are measured at fair value through profit and loss on a mark to market basis.

Impairment

Financial instruments are reviewed monthly and underlying performance assessment is carried out. In the event that key indicators are failing, the instrument is impaired based on mark to model.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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

Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Related party transactions

The Company has taken advantage of the exemption conferred by paragraph 3 (c) of FRS 8, not to disclose transactions with related parties.

Notes to the financial statements

For period ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Cash flow statement

Under FRS 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 March 2011 £'000
Asset-backed floating rate notes	1,782
Discount accretion	8,327
	<u>10,109</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 March 2011 £'000
Issued debt securities	757
Discount accretion	3,674
	<u>4,431</u>

Notes to the financial statements
For period ended 31 March 2011

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

**Period ended
31 March 2011**

£'000

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration - audit of financial statements

(20)

Deferred Consideration

(25,040)

5. TAX ON PROFIT ON ORDINARY ACITIVITIES

**Period ended
31 March 2011**

£'000

(a) Analysis of tax charge in the year

Current tax

Corporation tax

0

Tax on result from ordinary activities

0

(b) Factors affecting tax charge in the year

Result from ordinary activities before tax

0

Tax on profits on ordinary activities at 25%

0

0

Notes to the financial statements

For period ended 31 March 2011

6. Information regarding directors and employees

The Company has no employees.

None of the directors received any emoluments during the year for their services to the Company, nor received any benefits from the Company. The directors are employed and remunerated by Capita Trust Company (Ireland) Limited in respect of their services to the Company. Capita Trust Company (Ireland) Limited, who are the appointed corporate service provider as per the offering document were paid an annual corporate fee of €23,000 as a whole, and it is considered that there is no appropriate basis on which they can apportion part of this fee applicable to directors' services to the Company.

7. Investment securities

Period ended
31 March 2011

£'000

Designated as loans and receivables

Nominal value

114,763

Unamortised discount

(36,304)

78,459

Movement in investment securities

Additions during the period

60,112

Disposals and repayments during the period

(7,918)

Net day one fair value uplift

19,429

Amortisation of discount

8,327

Foreign exchange revaluation

(1,491)

At 31 March 2011

78,459

Assets comprise asset-backed floating rate notes and corporate bonds. Assets are purchased and marked to market fair value on day 1, with corresponding discount or premium to their nominal value being written off on an effective yield basis. Accordingly assets are held at amortised cost, being the fair value of the instrument, adjusted for any unamortised discount or premium.

8. Debtors: Amounts due within one year

Period ended
31 March 2011

£'000

Amounts due from group companies

964

Accrued interest and other assets

38

1,002

Notes to the financial statements

For period ended 31 March 2011

	Period ended 31 March 2011
	£'000
9. Creditors: amounts falling due within one year	
Accrued interest and other liabilities	41
Amounts due to group companies	368
	<u>409</u>
	Period ended 31 March 2011
	£'000
10. Creditors: amounts falling due after one year	
Debt securities issued	
Issued debt securities	107,656
Unamortised discount on issuances	(50,285)
Deferred Consideration	25,040
	<u>82,411</u>
	2011
	£'000
Movement in debt securities	
Initial issuance	63,511
Repayments during the period	(7,894)
Restructuring redemption of 2010-1 series	(61,231)
Restructuring issuance of 2010-2 series	59,310
Amortisation of discount on debt securities issued	3,674
Deferred Consideration	25,040
	<u>82,411</u>

Accrued deferred consideration, arises when surplus income is generated by a series. These amounts are classified as payable at maturity with the approval of the Trustees of that series to holders of the deferred consideration notes attached to the underlying series. On restructuring redemption of 2010-1 series there was a £2.1m profit.

Notes to the financial statements

For period ended 31 March 2011

10. Debt securities issued (continued)

Interest on the notes is payable quarterly in arrears as a fixed coupon payable on every £50,000 of note nominal outstanding at that date.

Note Class	Nominal £'000	Date Due	Fixed interest coupon per £50,000 of note nominal	Rate
A	43,482	September 2045	£125	0.25%
B	10,006	September 2045	£150	0.30%
C	10,006	September 2045	£175	0.35%
D	7,063	September 2045	£200	0.40%
E	36,100	September 2045	£725	0.45%
F	1,000	September 2045	N/A	N/A

The F notes do not pay a coupon, but entitle the holder to the residual interest in the series upon its maturity.

11. Called up share capital

At incorporation, 1 ordinary share of €1 with aggregate nominal value of €1 was allotted and fully paid.

2011

Authorised:

100,000 ordinary shares of €1 each

100,000

Called up, allotted and fully paid:

1 ordinary shares of €1 each

1

1

Notes to the financial statements

For period ended 31 March 2011

12. Profit and loss account

	2011 £'000
Profit for the period	0
Retained profit carried forward	<u>0</u>

13. Reconciliation of movement in shareholders' funds

	2011 £'000
Opening shareholders' funds	0
Profit for the period	0
Closing shareholders' funds	<u>0</u>

14. Derivative financial instrument

	2011 £'000
Foreign exchange call option	<u>2,825</u>

A foreign exchange call option is held with RBS over the currency exposure of the underlying financial instrument held by Glacier Securities Limited.

Notes to the financial statements

For period ended 31 March 2011

15. Financial risk management

The Company has issued floating rate notes, collateralised by an asset-backed security in a debt issuance series,

This position gives rise to specific financial risks, which are managed by the Company as described below.

(a) Credit risk

Credit risk represents the risk that the underlying asset will default on its expected cashflows. The underlying asset, comprising a publicly-traded asset-backed security, is rated by third party credit rating agencies. The Directors use these ratings to monitor credit risk.

The credit rating of the asset at the end of the period (S&P) was B.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due.

The only liabilities the Company faces arise from issued debt securities. These securities are collateralised by an asset-backed security, whose cashflows are assessed by independent third party credit rating agencies. The timings of the cashflows on the notes are structured to match the timings of payments received from the asset. Therefore no additional liquidity risk arises over the underlying credit risk of the asset.

(c) Fair value of financial assets and liabilities

	Book value	Fair value
	2011	2011
	£'000	£'000
On balance sheet		
Investment securities	78,459	76,891
Cash and cash equivalents	535	535
Derivative financial instruments	2,825	2,825
	3,360	3,360
Debt securities issued	(82,411)	(82,411)

Notes to the financial statements

For period ended 31 March 2011

16. Financial risk management (continued)

The Directors have considered the fair values of the Company's main financial assets and liabilities, which are asset-backed floating rate notes and fixed-coupon issued debt securities.

In the opinion of the Directors, no liquid secondary market currently exists for the financial instruments. Internal fair value models have been used for estimating fair value with observable inputs. The fair value of the financial instruments is £76,891,000 as at 31 March 2011.

17. PARENT UNDERTAKING AND CONTROL

The issued shares (1) are held by Capita Trust Nominees No.1 Limited, together the "Share Trustees", under the terms of a declaration of trust under which the relevant Share Trustee holds the issued share capital of the company in trust for charity.

The Directors have considered the issue as to the controlling party of the Company. The Company's operations are managed on a group wide basis by Investec Plc, who retains an interest in the cashflows and profits of the Company.

The largest group at 31 March 2011 in which the results of the company are consolidated is that headed by Investec Plc. The consolidated financial statements of Investec plc are available to the public and may be obtained at 2 Gresham Street, London, EC2V 7QP.

18. SUBSEQUENT EVENTS

Following the balance sheet date, and up to the date of signing, the following events occurred which the Directors consider require additional disclosure would be useful to users of the financial statements.

On the 30th September 2011, Glacier Securities Limited issued notes with a Nominal value of €161m (Glacier 2011-1), €123.2m (Glacier 2011-2) and €49.7m (Glacier 2011-3) of investment series. The impact of these transactions was a Nominal value of €327.7m additions to assets and a Nominal value of €333.9m addition to liabilities for the respective issues. These notes are listed on the Irish Stock Exchange.