

Company Number 12967182

Saltaire Finance Plc

Annual report and financial statements

for the period from 22 October 2020 to 31 December 2021

Saltaire Finance Plc**Annual report and financial statements for the period from 22 October 2020 to 31 December 2021**

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Saltaire Finance Plc

Officers and professional advisers

Directors

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Helena Whitaker

Company secretary and registered office

Intertrust Corporate Services Limited
1 Bartholomew Lane
London EC2N 2AX

Company number

12967182 (England and Wales)

Banker

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

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London EC4A 3HQ

Strategic report for the period from 22 October 2020 to 31 December 2021

The directors present the first strategic report of Saltaire Finance Plc (the "Company") for the period from 22 October 2020 to 31 December 2021.

Incorporation, principal activities, business review and future developments

The Company, a public limited company, was incorporated as a special purpose finance entity on 22 October 2020, under the Companies Act 2006 in the United Kingdom and registered in England and Wales, for the principal purpose to raise funding by issuing up to £3,000,000,000 notes under a guaranteed secured bond programme (the "Notes") and on-lending the proceeds to approved borrowers as part of an Affordable Homes Guarantee Scheme ("AGHS") in the United Kingdom (the "Borrowers").

The Company raises funding by issuing Notes pursuant to the programme. The Notes issued under the programme in November 2021 are a single series expected to mature in 2051 despite their final legal maturity date falling in 2053 ("Final Maturity Date"). These Notes were issued as 1.527 percent secured Notes.

At the period-end the Company had issued a total of £350,000,000 of secured Notes as a single series. On the Issue Date in respect of any issuance of Notes, the Company may, if specified in the applicable pricing supplement, repurchase some or all of the Notes which will then be retained (the "Retained Notes"). Of the total amount issued at period-end the balance of Retained Notes was £85,000,000. The total proceeds of Notes issued before the effect of premiums, discounts and issuance costs on-lent to Borrowers is £265,000,000.

1.527 percent secured Notes due 2051/2053

Issue Date	Notes £	Retained Notes £	Net £
23-Nov-21	350,000,000	85,000,000	265,000,000
	350,000,000	85,000,000	265,000,000

The Notes are listed on the London Stock Exchange.

The proceeds of the Notes were on-lent to three Borrowers in the amounts as listed below (the "Loans"). The total amount lent at the period-end is £265,000,000.

Loan agreement date	Amount borrowed £	Maturity date of loan
23-Nov-21	30,000,000	November 2051
23-Nov-21	50,000,000	November 2051
23-Nov-21	185,000,000	November 2051
	265,000,000	

Pursuant to the terms of a Deed of Guarantee dated 9 June 2021 granted to the Bond Trustee, the Secretary of State for Levelling Up, Housing and Communities (the "Guarantor"), formerly the Secretary of State for the Secretary of State for Housing Communities and Local Government, has issued an unconditional and irrevocable guarantee in respect of the Company's obligations relating to payments of principal and interest on the Notes issued.

The directors anticipate an increase in the number of Notes and Loans issued and envisage no changes to the nature of the Company's business in the foreseeable future.

Strategic report for the period from 22 October 2020 to 31 December 2021 (continued)

Results

The statement of comprehensive income of the Company is set out on page 19 and shows a loss of £955,779 for the period.

Key performance indicators

The loss after taxation of £955,779 for the period arose mainly due to upfront administrative and set up expenditure. Management believes that this loss will reverse in future financial periods following the ongoing receipt of management fee income.

Some of the key performance indicators are:

- As a result of Notes being issued at premiums or discounts (if any) netted with issuance costs incurred, the amortised cost value of the Notes at the period end amounted to £264,532,398.
- The net book value of the Loans at the period end amounted to £263,674,238.
- No impairment losses have been recognised against the Loans as at 31 December 2021.

No cash was received from the Borrowers as interest income for the period as the first interest payment date ("IPD") is 23 May 2022. Similarly, no payments of interest were made to noteholders during the period. Interest received and paid as shown in the Statement of comprehensive income are amounts accrued at period end.

Other key performance indicators are the credit ratings assigned to the Notes. In November 2021, the Notes were assigned a rating of Aa3 by Moody's rating agency.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are described below. Note 13 contains further information on risks relating to financial instruments.

Financial instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments to on-lend the proceeds for the funding of Loans of affordable homes. It is not the Company's policy to trade in financial instruments.

The primary risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, operational risk, fire safety risk and Brexit. The principal nature of such risks is summarised below.

Credit risk

Credit risk reflects the risk that the Company's counterparties will not meet their obligations as and when they fall due.

The Company's principal business objective is the funding of Loans to regulated providers of affordable housing. The Company will be subject to the risk of delays in the receipt of repayments, or risk of defaults in the making of payments due from the relevant Borrowers. The Company considered the Borrowers' compliance with the requirements set out in their respective loan agreements with the Company and the fulfilment of certain loan eligibility criteria in assessing the credit risk and the decision to lend to these Borrowers.

In addition, each Borrower is required to fund a liquidity reserve account (each a "Liquidity Reserve") held by the Company in the name of each borrower. The amounts standing to the credit of the accounts can be withdrawn where insufficient funds are available to meet payments under the relevant loan as they fall due. This, however, will not prevent an event of default occurring due to the failure of the Borrowers to meet such payments as they fall due unless the Borrower funds any deficiency.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities in a timely manner.

The ability of the Company to meet its obligations will be principally dependent on the receipt by it of funds from the Borrowers under the relevant associated loan agreements. The Company will be subject to the risk of delays in the receipt of such repayments, due from the relevant Borrowers. To reduce the likelihood of liquidity pressure, the Company will receive funds from the Borrowers, under the relevant associated loan agreements, 10 business days before the IPD on which to pay the Noteholders on a semi-annual basis. The Liquidity Reserve is also available to meet payments under the relevant loan as they fall due.

Payments to parties are governed by the terms of the Cash Management agreement dated 9 June 2021 (the "Cash Management Agreement"). Third party invoicing arrangements have also been agreed where possible to pay on a semi-annual basis.

The Company's assets are financed by the issuance of the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of assets being funded.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different bases or reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are matched (including tenors, effective rates and redemption provisions).

Operational risk

In order to meet its obligations to the noteholders, the Company has entered into contracts with a number of third parties who have agreed to provide operational support to the Company in accordance with the transaction documentation. Bank of New York Mellon acts as Loan servicer. Intertrust Management Limited has been appointed to provide corporate administration services in accordance with the terms of a corporate services agreement. Other third parties who have agreed to provide services with respect to the Notes include the Paying agent, the Note and Security trustee and the Cash manager. As part of the response to Covid-19 all outsourced third party service providers have successfully implemented business continuity processes.

The Capital Markets industry remains robust and should the Company be required to change a third-party service provider there are necessary resources and expertise in the market to provide for the operational needs of the Company.

Fire safety risk

Management assesses the Cladding and Fire Safety related risks as part of the due diligence procedure agreed with the Guarantor on each loan. Furthermore, where appropriate, third party valuers review the third-party fire risk assessments on the assets. As at year-end, no properties were held as collateral against the loans.

Brexit considerations

The effects of Brexit have been determined by the EU-UK Trade and Cooperation Agreement (the "Withdrawal agreement") which was ratified by the UK Parliament on 30 December 2020 and entered into force on 1 May 2021.

Strategic report for the period from 22 October 2020 to 31 December 2021 (continued)

Brexit considerations (continued)

Saltaire Finance Plc is incorporated and registered in the United Kingdom and in accordance with the concession agreement for the government guaranteed bond programme, all loans are held within the UK and all bonds are issued on the London Stock Exchange.

Formally, operations of the Company began on 23 November 2021 and as such the Company has not operated in the UK while a member of the European Union.

Therefore, in consideration of the fact that as a UK company with operations based solely in the United Kingdom, we expect to see minimal impact on the continued performance and going concern of the Company following the UK's departure as a member of the European Union.

Notwithstanding this, the ability of the underlying Borrowers to repay their loans has been assessed. Loans are structured with credit risk mitigants such as sufficient collateral levels and reserve funds to provide against adverse economic conditions and the Company continues to monitor its loan portfolio closely. Additionally, as described in the Principal activity section of this report, pursuant to the terms the Scheme Licence, the Guarantor has issued an unconditional and irrevocable guarantee in respect of the Company's obligations relating to payments of principal and interest on Notes' issuances.

Covid-19 Coronavirus considerations

Covid-19 has caused major disruption across the United Kingdom throughout 2020 and 2021, however as mentioned above, the operations of the Company began on 23 November 2021. By this date the credit lending policies had already been addressed to factor in the effects of Covid-19. To date, we have seen the removal of all legal Covid-19 related safety measures imposed by the UK government. It should also be noted that the likelihood of further economic disruption due to the further lockdowns is now considered unlikely. Since operations began, the Company has continued to lend and access markets. None of the Borrowers are in arrears and no impairment losses have been recognised against the Loans as at 31 December 2021.

Further considerations have been taken to ensure that servicer providers have sufficient disaster management programs in place to ensure the continuation of operations during national lock downs. Management note that all service providers of the Company were in existence before the pandemic began and were able to ensure service delivery delays were minimised or mitigated against whilst faced with changing national advice/legislation to minimise the spread of the corona virus.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The capital structure is shown on the statement of financial position.

Section 172(1) of the Companies Act 2016

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationships with suppliers, customers and others,
- d) the impact of the Company's operations on the community and the environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

Strategic report for the period from 22 October 2020 to 31 December 2021 (*continued*)

Section 172(1) of the Companies Act 2016 (*continued*)

As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The directors have had regards to the matters set out in section 172(1) of Companies Act 2006 as follows:

With reference to the likely consequences of any decision in the long term, the programme documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long-term view and in accordance with relevant securitisation legislation.

The matters set out in subsections (b)–(f) have limited or no relevance to the Company for the following reasons:

- The Company has no employees;
- The Company has appointed various professional third parties to perform certain roles governed by the programme documents. Fee arrangements have been agreed in advance and invoices have been paid strictly in accordance with the programme documents including a priority of payments, if applicable;
- As a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment; and
- The Company has a sole member with the issued shares all held on a discretionary trust for charitable purposes.

In accordance with section 426B of Companies Act 2006 a copy of this statement is available at:

<https://www.intertrustgroup.com/our-services/capital-markets-services/public-transactions/Saltaire-finance-plc/>

The Strategic Report was approved and authorised for issue by the board and signed on its behalf by:



Helena Whitaker
per pro **Intertrust Directors 1 Limited**
as Director
28 March 2022

Directors' report for the period from 22 October 2020 to 31 December 2021

The directors present their first annual report together with the audited financial statements of the Company for the period from 22 October 2020 to 31 December 2021.

Please refer to the Strategic report for detailed disclosures relating to future developments, principal risks and uncertainties, financial instruments and related risk management.

Corporate governance

As more fully described in the Section 172(1) statement in the Strategic Report the directors have been charged with governance in accordance with the programme documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the programme documents.

The programme documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the nature of the securities which have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority ("FCA") pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1 audit committees and 7.2 corporate governance statements with the exception of DTR 7.2.5 set out below. The directors are therefore satisfied that there is no requirement for an audit committee, or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement. An audit committee would not be appropriate for the Company because the Company is an issuer of asset-backed securities, and all activities of the Company are governed by the programme documents which were predetermined at the time of issuance.

DTR 7.2.5 requires a description of the main features of the issuer's internal control and risk management systems in relation to the financial reporting process. The directors are 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. The directors have established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The directors are responsible for evaluating and discussing significant accounting and reporting issues as the need arises. The directors are responsible for examining and evaluating the external auditor's performance, qualifications and independence. The directors are 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.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or the placing of the Company into liquidation.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Loans. The Liquidity Reserve fund which is held in the name of the Borrower is available to make payments as they fall due where insufficient funds are available.

Directors' report for the period from 22 October 2020 to 31 December 2021 (*continued*)

Going concern (*continued*)

The Company is obliged to redeem the Notes at their principal amount outstanding upon maturity. In addition to this, the Guarantor has issued an unconditional and irrevocable guarantee to the Company's obligations in respect of scheduled payments of principal and interest in respect of each issue of Notes.

The directors have assessed the continued impact of Covid-19 as disclosed in the 'principal risks and uncertainties' section of the Strategic Report. Given the Liquidity Reserve funds the directors have considered the cash flows for the next twelve months from the date of approval of these financial statements and are satisfied that the Company will continue to be able to meet its liabilities as they fall due.

The Company's loss for the period was £955,779. At the statement of financial position date, the Company has a net liability position of £943,278 primarily due to the upfront administrative and set up expenditure incurred prior to the first Interest Payment Date scheduled in May 2022. Management believe that this loss will reverse in future financial periods.

The directors consider that the Company will continue to trade for the foreseeable future by meeting its liabilities as they fall due for payment in cash. On this basis the financial statements have been prepared on the going concern basis.

Share capital

The issued share capital consists of 49,999 ordinary shares of £1, each are a quarter paid, and one ordinary share fully paid.

Directors and their interests

The directors of the Company during the period, and to the date of this report, were:

Intertrust Directors 1 Limited	(appointed 22 October 2020)
Intertrust Directors 2 Limited	(appointed 22 October 2020)
Helena Whitaker	(appointed 22 October 2020)

None of the directors have any beneficial interest in the ordinary share capital of the Company or in any material contract or arrangement with the Company.

Dividends

The directors do not recommend the payment of a dividend.

Subsequent events

Subsequent events are disclosed in Note 16 to the financial statements.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors were in force during the period under review and remain in force as at the date of approval of the annual report and financial statements.

Company secretary

Intertrust Corporate Services Limited was appointed on 22 October 2020 and served as the company secretary to the period end, and up to the date of signing the financial statements.

Saltaire Finance Plc
Company registration number: 12967182

Directors' report for the period from 22 October 2020 to 31 December 2021 (*continued*)

Statement of disclosure of information to the auditor

The directors confirm that:

- a) so far as the directors are aware, there is no relevant information of which the Company's auditor is unaware; and
- b) each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of disclosure of information to the auditor (*continued*)

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Independent auditor

The auditors, Deloitte LLP, were appointed by the directors during the period under review as the first period auditor and are to remain in office until the conclusion of the Company's next annual general meeting.

The Directors' Report was approved and authorised for issue by the board and signed on its behalf by:



Helena Whitaker
per pro **Intertrust Directors 1 Limited**
as Director
28 March 2022

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the financial statements in accordance with Companies Act 2006 and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



Helena Whitaker
per pro **Intertrust Directors 1 Limited**
as Director
28 March 2022

Independent auditor's report to the members of Saltaire Finance Plc

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Saltaire Finance PLC (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the statement of cash flows; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of Saltaire Finance Plc (continued)

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current period was: • <i>Identification of loan loss impairment triggers</i>
Materiality	The materiality that we used in the current period was £2.6m which was determined on the basis of 1% of gross loan assets.
Scoping	All of the work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	This is a first period of audit.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the cash flows of the entity, including the limited recourse features of the notes and assessing the guarantee terms in place;
- Assessing management's assumptions and sensitivity analysis in their going concern assessment, particularly in relation to cash inflows from the loan portfolio; and
- Evaluating the going concern disclosures included within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Saltaire Finance Plc (continued)

5.1. Identification of loan loss impairment triggers

Key audit matter description

As disclosed in Note 8, the company's loan asset balance of £263.67m comprises three loans as at the period end which have been originated to support affordable housing developments.

The company has elected to apply the option available under FRS 102, to apply IAS 39 Financial Instruments: Recognition and Measurement ('IAS 39') for the measurement and recognition of its financial instruments. Accordingly the loan assets are classified as loans and receivables and measured at amortised cost using the effective interest rate method. IAS 39 requires an assessment, at the end of each reporting period, as to whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Management's process for assessing impairment on these loans has focused on the credit risk assessment at origination and an ongoing assessment for all loans since inception.

The key judgement areas in the identification of loan loss impairment triggers are whether there has been an impairment event since loan origination, including a missed payment or covenant breach.

This also includes consideration of the continued impact of the current economic uncertainty due to the COVID-19 pandemic and the ability of borrowers to meet their obligations.

How the scope of our audit responded to the key audit matter

To scope our audit and respond to the risks associated with the key audit matter, we have:

- Obtained an understanding of, and tested, relevant controls over management's impairment process specifically the identification of impairment triggers.
- Evaluated the credit risk assessment and impairment assessment performed by management and performed our own assessment of whether there were any impairment triggers.
- As at the period end the company had originated three loans. We obtained the loan agreements and verified that amounts due in credit reserves being the liquidity reserve and sinking fund reserve had been funded in line with the loan agreements.

Key observations

From the work performed we concur with management's assessment of loan loss impairment triggers and that no impairment is subsequently recognised.

6. Our application of materiality

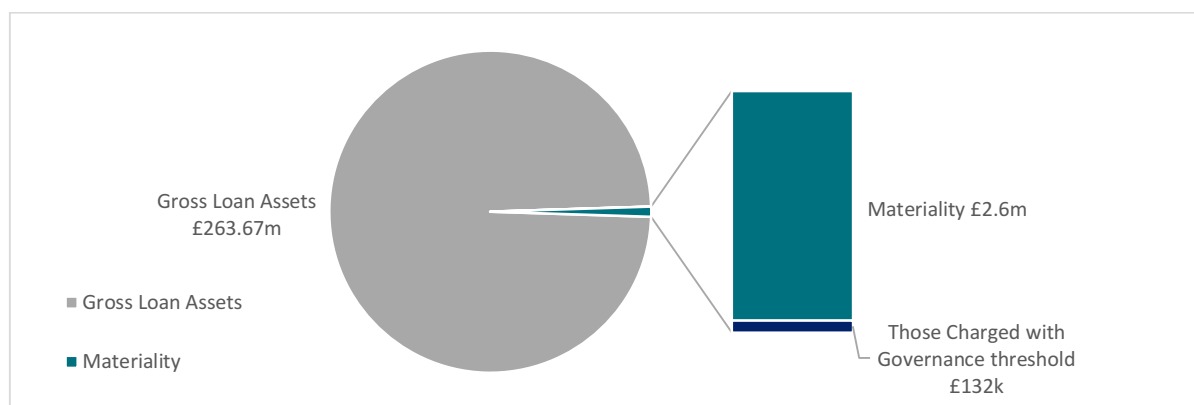
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Independent auditor's report to the members of Saltaire Finance Plc (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£2.6m
Basis for determining materiality	1% of gross loan assets
Rationale for the benchmark applied	The key balance of the financial statements of the company are loan assets as this comprises the majority of the total asset balance as well as being the driver for interest income.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit. In determining performance materiality, we considered the quality of the control environment and the nature of the company's operations as a special purpose vehicle.

6.3. Error reporting threshold

We agreed with those charged with governance that we would report to those charged with governance that all audit differences in excess of £132k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor's report to the members of Saltaire Finance Plc (continued)

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

We assessed the control environment including the use of service organisations. We planned and were able to adopt a controls reliance approach over Identification of loan loss impairment triggers. We did not plan to rely on controls in the remaining testing areas.

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Saltaire Finance Plc (continued)

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including credit excellence specialists and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: identification of loan loss impairment triggers. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Independent auditor's report to the members of Saltaire Finance Plc (continued)

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, the UK listing rules as applicable to debt listed entities and the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296).

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the terms of the operating licence provided to the company's parent by the Secretary of State for Levelling Up, Housing and Communities.

11.2. Audit response to risks identified

As a result of performing the above, we identified the identification of loan loss impairment triggers as a key audit matter relating to fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to the key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of Saltaire Finance Plc (continued)

13. ~~Matters on which we are required to report by exception~~

13.1. ~~Adequacy of explanations received and accounting records~~

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. ~~Other matters which we are required to address~~

14.1. ~~Auditor tenure~~

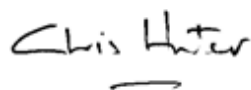
Following the recommendation of those charged with governance, we were appointed by the board of the entity 24 November 2020 to audit the financial statements for the period ending 31 December 2021.

14.2. ~~Consistency of the audit report with the additional report to those charged with governance~~

Our audit opinion is consistent with the additional report to those charged with governance that we are required to provide in accordance with ISAs (UK).

15. ~~Use of our report~~

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Chris Hunter CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 March 2022

Statement of comprehensive income for the period from 22 October 2020 to 31 December 2021

	Note	22 October 2020 to 31 December 2021 £
Interest receivable and similar income	2	435,193
Interest payable and similar charges	3	(432,103)
Net interest income		3,090
Other income		28,550
Operating expenses	4	(987,419)
Loss before taxation	5	(955,779)
Taxation on loss	7	-
Loss for the financial period	12	(955,779)
Other comprehensive income		-
Total comprehensive loss for the financial period		(955,779)

All amounts relate to continuing activities.

The accompanying notes on pages 23 to 34 are an integral part of these financial statements.

Statement of changes in equity for the period from 22 October 2020 to 31 December 2021

£	Called up share capital	Profit and loss account £	Total shareholders' deficit £
Balance as at 22 October 2020	-	-	-
Issue of shares	12,501	-	12,501
Total comprehensive loss for the financial period	-	(955,779)	(955,779)
Balance as at 31 December 2021	12,501	(955,779)	(943,278)

The accompanying notes on pages 23 to 34 are an integral part of these financial statements.

Statement of financial position as at 31 December 2021

	Note	31 December 2021 £
Fixed assets		
Loans	8	263,674,238
Current assets		
Debtors	9	477,005
Cash at bank and in hand		2,222,814
		<u>2,699,819</u>
Creditors: amounts falling due within one year	10	<u>(2,784,937)</u>
Net current liabilities		<u>(85,118)</u>
Total assets less current liabilities		263,589,120
Creditors: amounts falling due after more than one year	10	<u>(264,532,398)</u>
Net liabilities		<u><u>(943,278)</u></u>
Capital and reserves		
Called up share capital	11	12,501
Profit and loss account	12	<u>(955,779)</u>
Total shareholders' deficit		<u><u>(943,278)</u></u>

The accompanying notes on pages 23 to 34 are an integral part of these financial statements.

The financial statements on pages 19 to 34 were approved and authorised for issue by the Board, and were signed on its behalf by:



Helena Whitaker
per pro **Intertrust Directors 1 Limited**
as Director
28 March 2022

Statement of cash flows for the period from 22 October 2020 to 31 December 2021

	Note	Period Ended 31 December 2021 £
Cash flows from operating activities		
Loss on ordinary activities before taxation	12	(955,779)
EIR adjustment		(3,090)
Increase in debtors	9	(477,005)
Increase in creditors	10	2,784,937
Net cash inflow from operating activities		1,349,063
Cash flows used in investing activities		
Loan acquisition	8	(263,675,000)
Net cash outflow from investing activities		(263,675,000)
Cash flows from financing activities		
Issue of ordinary share capital	11	12,501
Issuance of Notes	10	264,536,250
Net cash inflow from financing activities		264,548,751
Net increase in cash and cash equivalents		2,222,814
Cash and cash equivalents at start of period		-
Cash and cash equivalents at end of financial period		2,222,814

Cash at bank and in hand includes restricted cash of £2,158,781.

The accompanying notes on pages 23 to 34 are an integral part of these financial statements.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021

1) Accounting policies

General information

Saltaire Finance Plc (the "Company"), a public company with limited liability, was incorporated as a special purpose entity on 22 October 2020 in the United Kingdom and registered in England and Wales under the Companies Act 2006.

Basis of preparation

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, "UK GAAP"), including Financial Reporting Standard 102 ("FRS 102") and the Companies Act 2006.

The accounting policies which will be applied consistently in dealing with items which are considered material in relation to the Company's financial statements are set out below:

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or the placing of the Company into liquidation.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the underlying Loans. The Liquidity Reserve fund is available to make payments as they fall due where insufficient funds are available.

The Company is obliged to redeem the Notes at their principal amount outstanding upon maturity.

In addition to this, the Guarantor issued an unconditional and irrevocable guarantee to the Company's obligations in respect of payments of principal and interest in respect of each Notes issuance.

The directors have assessed the continued impact of Covid-19 as disclosed in review of principal risks and uncertainties contained in the Strategic Report of the Company. Given the Liquidity Reserve fund the directors have considered the cash flows for the next twelve months from the date of approval of these financial statements and are satisfied that the Company will continue to be able to meet its liabilities as they fall due. The directors consider that the Company will continue to trade for the foreseeable future by meeting its liabilities as they fall due for payment in cash. On this basis the financial statements have been prepared on the going concern basis.

Functional Currency

The financial statements are prepared in GBP, which is the functional currency of the Company. All transactions are in GBP.

Interest income and expense

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value through profit or loss are determined using the effective interest rate method ("EIRM"). The EIRM is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

1) Accounting policies (continued)

Other income

Other income relates to fees receivable in respect of management fee and is measured at the fair value of the consideration received or receivable. Management fee income is recognised on an accrual basis in accordance with the substance of the relevant agreement, provided that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

Taxation

The Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts recognised.

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement.

Financial instruments

In accordance with Section 11 of FRS 102, the provisions of IAS 39 have been adopted in full with respect to the recognition and measurement of financial instruments.

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are de-recognised on the date it ceases to be a party, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company's financial instruments comprise loans, cash and cash equivalents, debtors and creditors: amounts falling due within one year. At the statement of financial position date the Company has loans and receivables at amortised cost of £263,674,238 and financial liabilities at amortised cost of £264,532,398.

Notes

The Notes issued by the Company are initially recognised at fair value on the date of their issuance and are subsequently measured at amortised cost using the EIRM.

Loans

The Loans are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. They are classified as loans and receivables. Loans and related transaction costs are measured at initial recognition at fair value and are subsequently measured at amortised cost using the EIRM. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the EIR computed at initial recognition.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

1) Accounting policies (continued)

Loans (continued)

Subsequent increases in recoverable amounts of the Loans, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in the statement of comprehensive income to the extent previous impairment losses have been taken through the profit and loss account. The reversal shall not result in a carrying amount of the Loans that exceeds the amortised cost had no impairment been recognised.

Cash and cash equivalents

The remaining cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Liquidity Reserves (Restricted cash)

The Liquidity reserves amounting to £2,158,781 are represented by cash in hand and deposits with financial institutions. The deposits with financial institutions are held in the name of the Company and meet the definition of cash, however their use is restricted by a detailed priority of payments as set out in the program documents. As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

Impairment

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. Quarterly risk reports are produced that highlight compliance with financial covenants and key financial performance indicators of borrowers. Each loan is required to be fully reviewed at least annually. This review includes an update on the credit analysis of the loan, a review of the loan credit rating. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivable has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the EIR of the instrument at initial recognition.

Impairment losses are recognised in the profit or loss statement and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If, in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

1) Accounting policies (continued)

Segmental analysis

The whole Company's operations will be carried out in the United Kingdom and the results and net assets will derive from notes issued in the United Kingdom, so therefore the directors only report one business and one geographic segment

Critical accounting judgements and key sources of estimation uncertainty

Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Company's accounting policies

Impairment of financial assets – management is required to judge whether financial assets are impaired at the statement of financial position date. The considerations undertaken are detailed in the Impairment accounting policy.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. Due to the inherent uncertainty in making estimates and assumptions, actual results reported in future periods may be based upon amounts which differ from those estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are addressed below:

- i. Impairment: The consideration of whether financial assets are impaired requires estimating the timing and amount of future cash flows of the financial assets. This is explained further in the Impairment accounting policy.
- ii. EIR: The calculation of an EIR, as required under FRS 102, has several areas of estimate that need to be applied which impact the rate at which interest, fees and expenses are recognised. These areas of judgement are required to be updated on a periodic basis to ensure that they accurately reflect management's best estimate of future cash flows. Key areas of assumption within the policy include estimating future cash flows.

2) Interest receivable and similar income

	22 October 2020 to 31 December 2021
	£
Loan interest	435,192
Interest on cash balances	1
	435,193

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

3) Interest payable and similar charges

	22 October 2020 to 31 December 2021
	£
Interest expense on Notes	432,103
	432,103

4) Operating expenses

	22 October 2020 to 31 December 2021
	£
Deal related transaction costs	797,218
Rating agent and listing fees	64,860
Legal fees	42,500
Audit fees	37,700
Corporate Services fees	27,000
Trustee fees	4,068
Service fees	1,483
Loan management fees	3,611
Other fees	8,979
	987,419

Other fees include ancillary, deal rated expenses and management fee.

5) Loss before taxation

	22 October 2020 to 31 December 2021
	£
This has been arrived at after charging:	
Auditor's remuneration – audit services	37,700

There were no fees or expenses paid in respect of other assurance, or non-audit services provided by the statutory auditor for the period ended 31 December 2021.

6) Directors and Employees

The Company has no employees and services required are contracted from third parties.

The directors received no remuneration from the Company in respect of qualifying services rendered during the current period.

During the period fees of £27,000 were payable to Intertrust Management Limited in respect of corporate administration services provided to the Company; this included the provision of directors to the Company. At the period-end corporate services fees of £13,800 were accrued.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

7) Taxation on loss

As announced in the March 2021 Budget, the UK's corporation tax will remain at 19% for the financial year beginning 1 April 2022. The charge to corporation tax and the main rate will increase to 25% for the financial year beginning 1 April 2023.

	22 October 2020 to 31 December 2021 £
a) Analysis of the company tax charge in the period	
UK corporation tax charge on the retained profit for the period at 19.00%	-
	-

b) Factors affecting the Company current tax charge for the year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK.

	22 October 2020 to 31 December 2021 £
Loss before taxation	(955,779)
UK corporation tax credit on the loss for the period at 19.00%	(181,598)
Effects of:	
Accounting profits not taxed in accordance with SI 2006/3296	181,598
Tax on cash retained profit taxed in accordance with SI 2006/3296	-
Total tax	-

For UK corporation tax purposes, the Company has been considered as a securitisation company under the 'Taxation of Securitisation Companies Regulations 2006' (SI 2006/3296). Therefore, the Company is not required to pay corporation tax on its accounting profit. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the securitisation transaction into which the Company has entered.

During the period from 22 October 2020 to 31 December 2021 the Company did not retain any profits as defined by SI 2006/3296 Regulation 10. The Company is expected to retain a profit amount of £5,000 per annum or £2,500 retained in semi-annual instalments on each IPD beginning May 2022.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

8) Loans

	31 December 2021 £
<i>Opening book value</i>	-
Principal contributions	263,675,000
Effective interest rate adjustment	(762)
<i>Net book value</i>	263,674,238
The maturity profile of the Loans was as follows:	
In one year or less	-
In more than one year	263,674,238
	263,674,238

The principal contributions are disclosed net of deferred arrangement fee of £1,325,000.

9) Debtors

	31 December 2021 £
Accrued Loan interest receivable	448,455
Accrued fees receivable and other debtors	28,550
	477,005

10) Creditors

	31 December 2021 £
Amounts falling due within one year	
Accrued interest payable on Notes	435,954
Accrued expenses and other creditors	2,348,983
	2,784,937
Amounts falling due after more than one year	
Notes	264,532,398
	264,532,398

The total principal balance of Notes due is £265,000,000.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

10) Creditors (continued)

The structure of the Notes is disclosed below:

	31 December 2021
	£
Notes issued in current period	350,000,000
Notes retained at end of period	(85,000,000)
	265,000,000
Issue costs	(463,750)
Effective interest rate adjustment	(3,852)
	264,532,398
Notes as at 31 December	264,532,398
Amounts due within one year	-
Amounts due after more than one year	264,532,398
	264,532,398

The Notes bear interest at a fixed rate and the Guarantor agrees to irrevocably and unconditionally satisfy in full any guaranteed amounts which have become due for payment, but which were unpaid.

See note 13 for further details on the interest rates.

11) Called up share capital

	31 December 2021
	£
<i>Allotted, called up, fully/partially paid and issued</i>	
49,999 ordinary shares of £1 each quarter paid	12,500
1 ordinary share of £1 fully paid	1
	12,501

12) Profit and loss account

	31 December 2021
	£
Opening balance	-
Loss for the financial period	(955,779)
As at 31 December	(955,779)

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

13) Financial instruments

The narrative disclosure required by FRS 102 in relation to the nature of the financial instruments used during the period to manage credit risk, interest rate risk and liquidity exposure and its capital risk management policies are shown in the Strategic Report under the heading 'Financial instruments'.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company's exposure to risk on its financial instruments and the management of such risk is largely determined at the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction is defined and documented.

Following initial set-up, the directors monitor the Company's performance, reviewing quarterly reports on the performance of the Loans. Such review is designed to ensure that the terms of the documentation have been complied with, that no unforeseen risks have arisen and that the noteholders have been paid on a timely basis.

Credit risk

Credit risk reflects the risk that the Company's counterparties will not meet their obligations as and when they fall due.

The Company's principal business objective is the funding of loans to regulated providers of affordable housing. The Company will be subject to the risk of delays in the receipt of repayments, or risk of defaults in the making of payments due from the relevant Borrowers. The Company considered the Borrowers' compliance with the requirements set out in their respective loan agreements with the Company and the fulfilment of certain loan eligibility criteria in assessing the credit risk and the decision to lend to these Borrowers.

In addition, all Borrowers are subject to continuing credit surveillance by the Company. Each Borrower has to fund a Liquidity Reserve. The amounts standing to the credit of the account can be withdrawn where insufficient funds are available to meet payments as they fall due. This, however, will not prevent an event of default occurring due to the failure of the Borrowers to meet such payments as they fall due unless the Borrower funds any deficiency.

Covid-19 has caused major disruption across the United Kingdom, however as at the date of signing these financial statements the portfolio has not seen a material impact of Covid-19. There is no Borrower in arrears and no impairment losses have been recognised against the Loans as at 31 December 2021.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

13) Financial instruments (continued)

Credit risk (continued)

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

	Carrying Value 2021 £	Maximum Exposure 2021 £
Assets:		
Loans	263,674,238	263,674,238
Cash and cash equivalents	2,222,814	2,222,814
Other debtors	477,005	477,005
	266,374,057	266,374,057

Cash and cash equivalents are held with Bank of New York Mellon, London Branch which has a credit rating of AA.

The table below sets out the gross carrying value and the collective impairments for the Loans. The charging exercise is currently being undertaken to obtain first legal charge over the assets and the equivalent of the loan balance is currently held within the sinking fund trust reserve.

31 December 2021	Carrying value before impairment £	Impairment £	Carrying value after impairment £
Loans			
Individually impaired	-	-	-
Past due but not impaired	-	-	-
Neither past due nor impaired	263,674,238	-	263,674,238
	263,674,238	-	263,674,238

Market risk

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

Interest rate risk is the only market risk to which the Company is exposed.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of the portfolio of Loans and the Notes (its principal assets and liabilities) are matched, and therefore no sensitivity analysis is required.

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

13) Financial instruments (continued)

Interest rate risk (continued)

The table below shows the Notes characteristics:

	31 December 2021 £	Interest rate
2051/2053 Notes	265,000,000	1.527%
Issue costs	(463,750)	
Accumulated EIR adjustments	(3,852)	
Total carrying value of Notes	264,532,398	

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. The Company's ability to meet payments on the Notes as they fall due is dependent on timely receipt of funds on the Loans.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes then the Guarantor will meet the obligations to the noteholders.

Furthermore, each Borrower has to fund a Liquidity Reserve. The amounts standing to the credit of the account can be withdrawn where insufficient funds are available to meet payments as they fall due under the relevant loan agreement. This, however, will not prevent an event of default occurring due to the failure of the Borrowers to meet such payments as they fall due unless the Borrower funds any deficiency.

Each Borrower also has to fund a Sinking Fund where such money and investments are held in an account in the name of Prudential Trustee Company Limited ("Sinking Fund Trustee") however the Company has first charge of the account. The charging exercise is currently being undertaken to obtain first legal charge over the assets and the equivalent of the loan balance is currently held within the sinking fund trust reserve.

The table below reflects the undiscounted expected cash flows of financial liabilities of the Company at the statement of financial position date based on the terms of the Notes:

As at 31 December 2021	Carrying Value £	Gross cash flows £	In less than 1 month £	After 1 month but within 3 months £	After 3 months but within 1 year £	After 1 year but within 5 years £	After 5 years £
Notes	265,000,000	265,000,000	-	-	-	-	265,000,000
Interest payable on Notes	435,954	121,396,500	-	-	4,046,550	16,186,200	101,163,750
Total as 31 December 2021	265,435,954	386,396,500	-	-	4,046,550	16,186,200	366,163,750

Notes to the financial statements for the period from 22 October 2020 to 31 December 2021
(continued)

13) Financial instruments (continued)

Liquidity risk (continued)

The Notes are subject to mandatory redemption on their respective Final Maturity Dates. If borrowers repay any amounts due on the loans earlier than contractually required, any such amount would need to be paid to noteholders.

The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of assets being funded. Payments to parties are governed by the Cash Management Agreement dated 9 June 2021.

Currency profile

All of the Company's financial assets and liabilities are denominated in GBP.

Fair value of financial assets and liabilities

The Company does not trade in financial instruments and therefore does not intend to dispose of the financial instruments until maturity.

There are no financial instruments included in the Company's statement of financial position that are measured at fair value.

14) Ultimate parent undertaking and controlling party

The Company's immediate parent company and entire share capital is held on a discretionary trust basis under a share trust deed by Intertrust Corporate Services Limited, a company incorporated in the United Kingdom and registered in England and Wales.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited. Copies of the financial statements of Intertrust Corporate Services Limited, a company incorporated in Great Britain and registered in England and Wales, may be obtained from 1 Bartholomew Lane, London EC2N 2AX.

The directors confirm that the Company does not have an ultimate controlling party and is not consolidated in another set of accounts.

15) Related party transactions

During the period fees of £27,000 were payable to Intertrust Management Limited in respect of corporate administration services provided to the Company; this included the provision of directors to the Company. At the period end corporate services fees of £13,800 were accrued. Directors' remuneration is disclosed in Note 6.

16) Subsequent events

The property charging exercise is now complete for two Borrowers and the Company has now obtained first legal charge over the relevant property. Accordingly, the related amount being used as security has been released from the sinking fund trust reserve.