Company Number 14223931

Bridgegate Funding PLC

Annual report and financial statements

For the period from 8 July 2022 (date of incorporation) to 31 July 2023

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Officers and professional advisers

Directors

Intertrust Directors 1 Limited
Intertrust Directors 2 Limited
Paivi Helena Whitaker

Company secretary and registered office

Intertrust Corporate Services Limited
1 Bartholomew Lane
London
EC2N 2AX

Company number

14223931
(England and Wales)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Strategic report for the period from 8 July 2022 (date of incorporation) to 31 July 2023

The directors present their first strategic report of Bridgegate Funding PLC (the "Company") for the period from 8 July 2022 (date of incorporation) to 31 July 2023.

Incorporation, principal activities, business review and future developments

The Company was incorporated on 8 July 2022 as a public limited company, limited by shares, under the Companies Act 2006 and registered in England and Wales to act as a special purpose company to raise funding through the issue of notes and to apply the proceeds to acquire portfolios of owner-occupied and buy-to-let residential mortgage loans and their related security.

On 19 January 2023 (the "Closing Date"), as part of a securitisation transaction, the Company issued £2,317,612,000 Class A mortgage backed floating rate notes, £137,953,000 Class B mortgage backed floating rate notes, £96,567,000 Class C mortgage backed floating rate notes, £55,181,000 Class D mortgage backed floating rate notes, £41,386,000 Class E mortgage backed floating rate notes, £41,386,000 Class F mortgage backed floating rate notes, £20,693,000 Class X mortgage backed floating rate notes, £35,868,000 Class R mortgage backed zero coupon notes, £68,977,000 Class Z mortgage backed floating rate notes, (together, the "Notes") issued at an aggregate discount of £110,521,891 and Class S1 certificates, Class S2 certificates and Residual Certificates (together, the "Certificates"). The Notes are listed on the Official List of the London Stock Exchange. The Notes have a first Optional Redemption Date on the interest payment date ("IPD") falling in April 2026 and a final maturity date due in October 2062. The call option is attached to the Residual Certificates. Lloyds Bank Corporate Markets (the "Retention Holder") retains, on an ongoing basis a material net economic interest of not less than 5 percent to satisfy the requisite risk retention requirements in the UK. 95% of Class A notes are held by Bank of Scotland.

The Company applied the total proceeds of the Notes of £2,705,101,109 to pay the initial consideration of £ 2,671,177,187 for the beneficial title to a portfolio of residential mortgage loans together with the related security (the "Loans") from The Mortgage Business plc (the "Seller" and the "Servicer") secured over residential properties located in England, Wales, Northern Ireland and Scotland. The Loans are well seasoned, having been originated between 1989 and 2016. In addition, the proceeds were used to establish a credit reserve fund of £3,945,461 (the "Credit Reserve Fund) and to establish a Class A and Class B liquidity reserve fund of £31,922,345 (the "Liquidity Reserve Fund").

The purchase price of the mortgage portfolio consists of the initial consideration, as above, plus deferred consideration. The deferred consideration consists of the amounts payable in accordance with the priority of payments. The right to such payments being represented by the issue of the Certificates to the Seller at nil value, in accordance with the Mortgage Sale Agreement.

Following the issue of the Residual Certificates to the Seller on the Closing Date, the Seller transferred 100 per cent. of the Residual Certificates to the Retention Holder. The Retention Holder transferred 95 per cent. of the Residual Certificates to one or more third party investors. The directors of the Seller therefore concluded that the Seller substantially transferred the risks and rewards of ownership of the Loans as a result of the transaction. Accordingly, in the Seller's financial statements, the transfer of the ownership of the beneficial interest in the Loans resulted in their derecognition. The directors of the Company have concluded that it is appropriate to account for the beneficial interest acquired in the Loans by recognising the Loans on the Company's Statement of financial position. The day 1 value of the Loans represented the initial consideration paid to the Seller to acquire the beneficial interest, along with the fair value of the deferred consideration.

The Company's functions and business activities are set out in the prospectus dated 17 January 2023 which also documents the terms and conditions of the Notes and the legal agreements setting out the terms of the securitisation (the "transaction documents"). The Company's obligation to pay principal and interest on the Notes and amounts due on the Certificates and its operating and administrative expenses will be met primarily from payments of principal and revenue received from the Loans.

The directors do not anticipate any changes to the present level of activity, or the nature of, the Company's business in the foreseeable future.

Results

The statement of comprehensive income of the Company is set out on page 17 and shows the loss of £32,965,035 for the period. Under the terms of the securitisation the Company retains £1,250 on each IPD which is credited to the retained profit ledger as described in the transaction documentation. Issuer profit for the period was £2,500, which forms part of the loss for the financial period. Cash profits in excess of this amount are paid to the Residual Certificate holders as deferred consideration after the redemption of Class X Notes. Therefore, whilst over the life of the transaction the profit or loss shown in the Statement of comprehensive income in any accounting period may differ from this amount, due to effective interest rate or other accounting adjustments, such profits or losses are expected to reverse over the life of the transaction, leaving the Company ultimately with retained earnings equal to the aggregate Issuer profit accruing over the life of the transaction.

Key performance indicators

Given the nature of the Company's activities, the Directors consider the performance of the Loans and the related borrowing under the Notes to be the key performance indicator for the Company. The aggregate outstanding principal balance of the mortgage loans, held by the Company decreased during the period from £2,759,041,907 as at the Closing Date, to £2,204,296,262 at the 31 July 2023 due to redemptions on the Loans options availed by the underlying borrowers, scheduled repayments, and amortised cost adjustments. The principal repaid on the Loans were used to redeem the Notes on each IPD. At the period end the amortised cost of the Notes and certificates amounted to £2,318,861,578.

A change in the credit rating assigned to the Company's Notes is also considered to be an indicator of the performance of the Company. The credit rating was first assigned at the time of issue and is then monitored and reviewed by the Credit Rating Agencies and reflects the likelihood of full and timely payment to the note holders of interest and principal when due.

The class A notes issued are rated as high as AAA by S&P & Fitch. The class Z and R notes are unrated.

With the exception of Class A notes rating. There have been changes in rating for other notes by S&P from the closing date.

Class of notes	S&P		Fitch	
	Original	Revised	Original	Revised
Class A	AAA	-	AAA	-
Class B	AA+	AA	AA	-
Class C	AA-	BBB+	A	-
Class D	A	BB+	BBB	-
Class E	BBB+	B-	BB	-
Class F	BB+	CCC	CCC	-
Class X	BBB-	CCC-	CC	-
Class Z	Not rated	-	Not rated	-
Class R	Not rated	-	Not rated	-

The directors monitor the quarterly arrears profile of the Loans:

Delinquencies days	Apr-23 %	July-23 %
Current and 30 days	82.33	80.45
>=30<=60 days	3.69	3.30
>60<=90 days	2.32	2.75
>90<=120 days	1.54	1.75
>120 days	10.12	11.75
Total	100.00	100.00

	31 July 2023 £
Carrying value of Loans in arrears	450,887,893
Loans one to six months in arrears	232,592,784
Loans six months or more in arrears	218,295,109
Total number of Loans in arrears	2,435

The current balance of the mortgage in repossession & sold during the period end was £15,980,792 resulting in a principal loss of £5,219,374. As of 31 July 2023, there were 64 properties in repossession having current balance of £11,966,649.

Principal risks and Macro-economic uncertainty

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks affecting the Company and its management are set out under Financial instruments below and in note 12 to the financial statements. The Company's exposure to risk is largely mitigated by the structure of the transaction and the financial instruments that are put in place as a consequence. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the transaction. The Servicer continues to administer the Loans under a service agreement. In administering the Loans, the Servicer applies its formal structure for managing risk and other controls procedures.

A detailed consideration of the risk factors relevant to the securitisation transaction is included in the section "Risk Factors" of the Listing Particulars, which are available at https://www.intertrustgroup.com/wp-content/uploads/2023/02/Bridgegate-Funding-Plc-Prospectus-Final-published-20230117.pdf .

The key future developments which the directors expect to have the greatest impact on the Company, due to their impact on the performance of the Loans (in particular, future cash flows, default rates and collateral values), relate to pressures resulting from uncertainty and changes in the macroeconomic environment.

Prospects for UK economic performance remain uncertain. The medium and longer-term impacts of COVID-19, together with the implications of the UK's new trading relationships post-Brexit and geopolitical tensions (heightened following the Russian military invasion of Ukraine) are still to be determined. This has resulted in significant cost inflation and therefore increased pressure for the Bank of England to continue to increase the base rate. All of these factors result in increased pressure on affordability and a heightened risk that borrowers may ultimately default on the Loans.

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company - for example a detrimental effect on the UK economy may ultimately impact the borrowers' ability to repay the Loans, or on the Servicer's ability to continue to effectively service the Loans. However, as at the year-end, there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows. However, in the worst-case scenario, the Notes are a limited recourse obligation of the Company, therefore payment of them is limited to the application of receipts from the Loans and the Company is not ultimately exposed if the Borrowers are unable to pay. The Company is expected to continue its current principal activities for the foreseeable future.

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 cease trading and liquidating the Company. As discussed further in the Directors report, the Directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Financial instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments to finance the acquisition of the Loans. 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 and interest rate risk. The principal nature of such risks is summarised below.

Credit risk

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due.

The Company's business objective rests on the performance of the Loans. The Loans are secured by first charges over residential properties in England, Wales and Scotland which represents the Company's primary mitigation of credit risk.

The Company considered the Seller's assessment of the borrowers' expected ability to service the Loans according to their contractual terms, deeming this to be a primary factor in assessing the credit risk of the Loans and making the decision to lend at the inception of each Loan. However, given the time which has

Credit risk*(continued)*

elapsed since origination, the directors consider the assessment of credit risk at origination to now be less important than the recent performance of the Loans. Accordingly, the directors monitor performance of the Loans or any deviation from expected terms or missed payments.

Management of the credit risk is undertaken by reviewing and monitoring arrears balances, communicating regularly with the Loan borrowers and having procedures in place to market repossessed properties.

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 and the Certificates as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayments on the Loans.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes then it is obliged to draw on the Credit Reserve Fund or the Liquidity Reserve Fund to meet its obligations. The non-amortizing Credit Reserve Fund, which was funded at closing to 1.30 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and the Class Z Notes as at the Closing Date less amounts standing to the credit of the Liquidity Reserve Fund which can be used to pay off senior expenses, cure the Principal Deficiency Ledger for the rated notes and cover interest shortfalls (subject to various conditions). The Liquidity Reserve Fund was funded at closing and its required amount is prior to the date on which the Class A Notes and the Class B Notes are redeemed in full, an amount equal to 1.30 per cent. of the then aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes (as determined prior to any redemptions made in respect of the Class A Notes and the Class B Notes on the relevant Interest Payment Date), and thereafter zero. The Liquidity Reserve Fund is available to cover shortfalls on the senior expenses and interest payments on the Class A and B Notes and the Class S1 certificates. If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest, then the Company is entitled to defer payment of that amount until the following IPD. The Issuer shall not be entitled to defer amounts of interest payable in respect of the Class A Notes.

The Company's assets are financed principally 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 the assets being funded.

The Notes are subject to mandatory redemption in part on each IPD at an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the IPD falling in April 2026 (the Optional Redemption Date). Ultimately, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make payments of interest and principal on the Notes to the extent that repayments are received from the Loans or from any security over the Loans being realised. However, it is to be noted that failure to pay interest on the most senior class of the Notes will constitute an event of default.

Interest rate risk

Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis 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 similar. The Company is exposed to interest rate risk because the Loans are subject to variable rates while the Notes are based on Compounded Daily Sterling Overnight Index Average ("SONIA").

The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

Currency risk

The Company is not exposed to currency risk as all its financial instruments are denominated in GBP.

Capital management

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 this minimum requirement.

Section 172 statement

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

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 the Companies Act 2006 as follows:

With reference to the likely consequences of any decision in the long term, the transaction 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 transaction documents;
- 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 basis for charitable purposes.

In accordance with s. 426B Companies Act 2006 a copy of this statement is available at https://www.intertrustgroup.com/our-services/capital-markets-services/public-transactions/bridgegate-funding-plc/

On behalf of the Board
Raheel Khan
per pro **Intertrust Directors 1 Limited**
as Director
5 April 2024

The directors present their annual report together with the audited financial statement of the Company for the period from 8 July 2022 (date of incorporation) to 31 July 2023.

Going concern

The company is in a net liability position mainly as a result of EIR and other accounting adjustments. 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 to place 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 Notes are a limited recourse obligation of the Company, secured over the Loan, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. The liquidity reserve fund is available to make interest payments to the noteholders if interest arrears would otherwise occur.

The directors have performed an assessment of going concern. In terms of considering going concern, the focus was upon the Company's position in respect of the potential for reduced cash flows to trigger an event of default, amounts that may be deferred per the transaction documents, and the operational resilience of the Company. The directors have concluded that should there be an economic downturn drastic enough to materially impair revenue receipts from the portfolio of Loans, the credit enhancement provided to the Company is sufficient to cover the fixed coupon interest due on the Notes and the expense obligations of the Company for a period in excess of 12 months following the date of approval of the annual report and financial statements.
The directors are satisfied that the Company will continue to be able to meet its liabilities as they fall due. For this reason the directors have adopted the going concern basis in preparing the financial statements.

Streamlined energy and carbon reporting

The Company is out of scope of the streamlined energy and carbon reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Future developments

Information on future developments is included in the principal activities, business review and future developments

Financial risk management

Information on financial risk management is included in the Financial instruments section of the Strategic report.

Corporate governance

The directors have been charged with governance in accordance with the transaction 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 transaction documents.

The transaction 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.

As the Company has only debt securities listed on the London Stock Exchange, it has availed itself of an exemption from the Financial Conduct Authority's requirement to make corporate governance disclosures and from auditor's review thereof.

Due to the nature of the securities which have been issued on the London Stock Exchange, the Directors are satisfied that there is no requirement to publish a corporate governance statement and that the Company is exempt from the disclosure requirements of the provisions of the UK Code Corporate Governance.

Issued share capital

The issued share capital consists of £12,501 comprising 49,999 quarter paid and 1 fully paid ordinary shares of £1 each.

Directors and their interests

The directors of the Company who have served during the period and up to the date of signing the financial statements were:

Intertrust Directors 1 Limited	(appointed 8 July 2022)
Intertrust Directors 2 Limited	(appointed 8 July 2022)
Paivi Helena Whitaker	(appointed 8 July 2022)

None of the directors have any beneficial interest in the ordinary share capital of the Company.

None of the directors had any interest during the period in any material contract or arrangement with the Company.

The directors do not recommend the payment of a dividend for the period.

Company secretary

Intertrust Corporate Services Limited was appointed on 8 July 2022 and served as the company secretary during the period and subsequently.

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.

Statement of directors' responsibilities in respect of the financial statements

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

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

Under company law, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, were appointed as the first auditors of the Company during the period under review and are to remain in office until the conclusion of the Company's first annual general meeting. Having expressed their willingness to continue in office, pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Raheel Khan
per pro **Intertrust Directors 1 Limited**
as Director
5 April 2024

Independent auditors' report to the members of Bridgegate Funding Plc

Report on the audit of the financial statements

Opinion

In our opinion, Bridgegate Funding Plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2023 and of its loss and cash flows for the period from 8 July 2022 to 31 July 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 July 2023; the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

The Company is a special purpose entity ("SPE") that forms part of a securitisation structure, established for the purpose of acquiring a portfolio of mortgage loans (the "Loans") funded by the issuance of mortgage-backed notes (the "Notes") and certificates (the "Certificates). The Notes issued by the Company are listed on the London Stock Exchange and the Certificates are not listed. The activities of the Company are conducted primarily by reference to a series of transaction documents (the "Transaction documents").

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors.
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.
- We identified all material classes of transactions, account balances and disclosures, including those that were considered qualitatively material, and conducted our work over those accordingly.

Key audit matters

- Impairment of the Loans
- Errors in accounting due to a lack of understanding of the transaction
- Errors in the priority of payments (the "Waterfalls") due to lack of understanding of the transaction

Materiality

- Overall materiality: £22,932,740 based on 1% of total assets.
- Performance materiality: £17,199,555.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of the Loans The risk of a material misstatement in the Loan impairment provision is considered to be a significant risk because of the judgement involved in determining the definition of a credit event and the subjectivity involved in estimating the recoverable amount if the property is repossessed. We note that as the Company reports under UK GAAP (FRS 102 opted with IAS 39), provisioning is on an incurred loss basis. This means that as the portfolio reduces there is an increased risk of latent credit risk building up, which only ultimately occurs in the event of a future economic event (e.g. increases in base rate, reduction in house prices, increase in unemployment) or at the expected maturity date of the Loan (e.g. if there is no repayment plan for an interest only Loan). As such, consideration of credit events that have occurred but not yet been reported is important.	In response to this key audit matter, we: • Obtained an understanding of and evaluated the design of the controls around segregation of duties across the transaction, along with controls at the corporate service provider around the impairment model; • Obtained an understanding and tested the reasonableness of key assumptions and judgements used in the impairment modelling and provisioning applied by management by reference to the portfolio and independently sourced data; • For Loans for which an impairment trigger was considered by management to have occurred prior to the period end, recalculated expected recoverable amount by reperforming management's calculation;

As referenced in Note 1, there is significant judgement involved in management's determination of the necessity for, and quantum of, any impairment provision against the Loans. There is therefore inherent uncertainty in this estimate. Related disclosures in the Financial Statements: Note - 1 Accounting Policies - Critical accounting judgement and estimates Note 7. Loans Note 12. Financial instruments – Credit Risk	• Tested the reasonableness of the indexed property value and the forced sale discount assumption applied, based on historical sales performance of the portfolio. Further, we considered the sensitivity of the provision to changes in the forced sale discount applied; • Tested the mathematical accuracy of the model used to calculate the impairment provision; • Re-performed the stratification of the mortgage portfolio into arrears stage and tested the arrears categorisation, which is the key attribute used by the directors in determining whether an impairment trigger has occurred; • For a sample of Loans, tested the existence of a legal charge over the collateral properties against which the Loans are secured; and • Critically assessed the reasonableness of management's point estimate, based on our analysis of the Loans and their performance up to 31 December 2023. This assessment also included consideration of the risk that the Company's definition of an impairment trigger may not capture all credit events that have occurred prior to the balance sheet date. We have no matters to note in relation to the above procedures.
Errors in accounting due to a lack of understanding of the transaction As this was the first period for which financial statements were prepared there is a risk that due to unfamiliarity and complexity, the accounting may not fully reflect all aspects of the underlying transaction. The directors have concluded that the Seller achieved derecognition on the sale of the Loans to the Company as a result of the sale of the residual certificates to a third party and have therefore recognised the Loans on the Company's Statement of financial position. The Loans, Notes and Certificates are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method and will be reduced by any payments or effective interest rate adjustments occurring during the period. Related disclosures in the Financial Statements: Note 1. Use of estimates and judgements Note 7. Loans Note 9. Creditors Note 12. Financial instruments	In response to this key audit matter we have: • Reviewed the terms of the securitisation, as set out in the transaction documents, against the derecognition classification and measurement criteria of IAS 39, in order to validate the appropriateness of the director's conclusions regarding the accounting for the Company's purchase of a beneficial interest in the Loans and issuance of Notes and Certificate liabilities; • Tested the calculations and reconciliations underlying the fair values at initial recognition and subsequent measurement at amortised cost of the Loans, Notes and Certificates; and • Assess the appropriateness of the disclosures in the financial statements in accordance with FRS 102. We have no matters to note in relation to the above procedures.
Errors in the priority of payments (the "Waterfalls") due to lack of understanding of the transaction As a SPE, the Company is required on each Interest Payment Date ("IPD") to pay out receipts on the Loans in accordance with a priority of payments, set out in the transaction documents. This ensures that creditors,	In response to this key audit matter we have:

including noteholders, receive payments in accordance with their seniority in the priority of payments. The correct sequencing of payments at each IPD, as well as the appropriate use of cash flows to fund the reserves, is therefore important, given the limited recourse nature of the Notes. As this is the first period of Waterfall preparation, there is a risk that payments have not been made in line with those prescribed by the transaction documents. Related disclosures in the Financial Statements: Note 2. Interest receivable and similar income Note 3. Interest payable and similar charges Note 7 Loans Note 9. Creditors	• Agreed that the Waterfalls prepared during the period were consistent with the priority of payments set out in the transaction documents; • For a sample of Waterfalls prepared during the period, compared the available amounts for distribution to the amount received in respect of the Loans and verify the split of interest and principal received; and • For a sample of Waterfalls prepared during the period, agreed the payments made to the counterparties via bank statements of the Company. We have no matters to note in relation to the above procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall company materiality	£22,932,740.
How we determined it	1% of total assets
Rationale for benchmark applied	As an SPE is established as a not for profit entity, funded almost entirely by debt, it would follow that users focus their attention on the SPE's total assets as suggested by ISA (UK) 320 paragraph A3. It is therefore considered appropriate that overall materiality could in the context of an SPE be calculated as 1% of total assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £17,199,555 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the directors that we would report to them misstatements identified during our audit above £1,146,637 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Reviewing the directors' going concern assessment. This sets out why the directors believe that the Company will continue in operational existence for the foreseeable future and why they anticipate that the Company will have adequate funds available to meet its obligation as they fall due;
- Performing an assessment to identify factors that could impact the going concern basis of accounting, including the key terms of the transaction as set out in the transaction documents, such as what constitutes an event of default;
- Inspecting the transaction documents to agree that the Notes are limited recourse instruments and that certain expenses can be deferred if there are insufficient funds; and
- Assessing the appropriateness of the disclosures in 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 July 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect to the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors’ 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 auditors’ 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.

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.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to any breach of the listing requirements of London Stock Exchange under which the prospectus dated 17 January 2023 was issued or of the transaction documents, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Making inquiries of those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Testing of the reconciliation of the financial statements to the period end servicer’s reports and to the bank statements of the Company;
- Testing journals using a risk-based approach and evaluating whether there was evidence of bias; and
- Audit procedures performed over the provisions for impairment of the Loans can be found in the key audit matters section above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the directors, we were appointed by the directors on 5 October 2023 to audit the financial statements for the year ended 31 July 2023 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Andrew Batty (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 April 2024

Bridgegate Funding PLC
Company registration number: 14223931

Statement of Comprehensive Income for the period ended 31 July 2023

	Note	Period ended 31 July 2023 £
Interest receivable and similar income	2	106,699,749
Interest payable and similar expenses	3	(99,361,227)
Net interest income		**7,338,522**
Impairment charge	7	(31,507,901)
Principal losses and write-offs	7	(5,219,374)
Operating expenses		(3,575,807)
Loss before taxation	4	**(32,964,560)**
Taxation on loss	6	(475)
Loss for the financial period	11	**(32,965,035)**
Other comprehensive income		-
Total comprehensive loss for the financial period		**(32,965,035)**

All amounts relate to continuing activities.

The accompanying notes on pages 21 to 35 are an integral part of these financial statements.

Statement of financial position as at 31 July 2023

	Note	31 July 2023 £
Fixed assets		
Loans due more than one year	7	1,439,682,259
Current assets		
Loans due within one year	7	764,614,003
Debtors	8	3,190,449
Cash at bank and in hand (restricted)		85,787,245
		853,591,697
Creditors: amount falling due within one year	9	(770,357,790)
Net current assets		**83,233,907**
Total assets less current liabilities		**1,522,916,166**
Creditors: amount falling due after one year	9	(1,555,868,700)
Net liabilities		**(32,952,534)**
Capital and reserves		
Called up share capital	10	12,501
Profit and loss account	11	(32,965,035)
Total shareholders' deficit		**(32,952,534)**

The accompanying notes on pages 21 to 35 are an integral part of these financial statements.

The financial statements on pages 17 to 35 were approved and authorised for issue by the Board on 5 April 2024, and were signed on its behalf by;

Raheel Khan
per pro **Intertrust Directors 1 Limited**
as Director

Bridgegate Funding PLC
Company registration number: 14223931

Statement of changes in equity for the period ended 31 July 2023

	Called up share capital £	Profit and loss account £	Total shareholders' deficit £
Balance as at 8 July 2022(date of incorporation)	-	-	-
Issue of shares	12,501	-	12,501
Loss for the financial period and total comprehensive expense	-	(32,965,035)	(32,965,035)
Balance as at 31 July 2023	**12,501**	**(32,965,035)**	**(32,952,534)**

The accompanying notes on pages 21 to 35 are an integral part of these financial statements.

Statement of cash flows for the period ended 31 July 2023

	Note	Period from 8 July 2022 to 31 July 2023 £
Cash flows from operating activities		
Net cash outflow from operating activities	13	(6,365,285)
Tax paid		-
Net cash used in operating activities		**(6,365,285)**
Cash flows from investing activities		
Acquisition of loans		(2,671,177,187)
Receipt from the redemption of Loans		468,546,417
Payments to certificate holders		(1,001,103)
Interest received on Loans		69,417,758
Interest received on bank balances		3,286,340
Net cash outflow from investing activities		**(2,130,927,775)**
Cash flow before financing activities		**(2,137,293,060)**
Cash flows from financing activities		
Redemption of Notes		(407,679,673)
Proceeds from the issue of Notes		2,705,101,109
Interest paid to Noteholders		(74,353,632)
Issue of Share Capital		12,501
Net cash inflow from financing activities		**2,223,080,305**
Increase in Cash at bank and in hand		**85,787,245**
Cash at bank and in hand at the beginning of the period		**-**
Cash at bank and in hand at the end of the period		**85,787,245**

The accompanying notes on pages 21 to 35 are an integral part of these financial statements.

1 Accounting policies

General information

Bridgegate Funding Plc (the "Company") is a public company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is 1 Bartholomew Lane, London, EC2N 2AX.

The Company was incorporated on 8 July 2022 as a public limited company, limited by shares, under the Companies Act 2006 and registered in England and Wales to act as a special purpose company to raise funding through the issue of notes and to apply the proceeds to acquire portfolios of owner-occupied and buy-to-let residential mortgage loans and their related security.

On 19 January 2023 (the "Closing Date"), as part of a securitisation transaction, the Company issued £2,317,612,000 Class A mortgage backed floating rate notes, £137,953,000 Class B mortgage backed floating rate notes, £96,567,000 Class C mortgage backed floating rate notes, £55,181,000 Class D mortgage backed floating rate notes, £41,386,000 Class E mortgage backed floating rate notes, £41,386,000 Class F mortgage backed floating rate notes, £20,693,000 Class X mortgage backed floating rate notes, £35,868,000 Class R mortgage backed zero coupon notes, £68,977,000 Class Z mortgage backed floating rate notes, (together, the "Notes") and Class S1 certificates, Class S2 certificates and Residual Certificates (together, the "Certificates"). The Notes are listed on the Official List of the London Stock Exchange. The Notes have a first Optional Redemption Date on the interest payment date ("IPD") falling in April 2026 and a final maturity date due in October 2062. The call option is attached to the Residual Certificates. Lloyds Bank Corporate Markets (the Retention Holder) retains, on an ongoing basis a material net economic interest of not less than 5 percent to satisfy the requisite risk retention requirements in the UK. 95% of Class A notes are held by Bank of Scotland.

The Company applied the total proceeds of the Notes of £2,705,101,109 to pay the initial consideration of £2,671,177,187 for the beneficial title to a portfolio of residential mortgage loans together with the related security (the "Loans") from The Mortgage Business plc (the "Seller" and the "Servicer") secured over residential properties located in England, Wales, Northern Ireland and Scotland. The Loans are well seasoned, having been mostly originated between 2002 and 2009. In addition, the proceeds were used to establish a credit reserve fund of £3,945,461 (the "Credit Reserve Fund) and to establish a Class A and Class B liquidity reserve fund of £31,922,345 (the "Liquidity Reserve Fund").

The purchase price of the mortgage portfolio consists of the Initial consideration, as above, plus deferred consideration. The deferred consideration consists of the amounts payable in accordance with the priority of payments. The right to such payments being represented by the issue of the Certificates to the Seller at nil value, in accordance with the Mortgage Sale Agreement.

Following the issue of the Residual Certificates to the Seller on the Closing Date, the Seller transferred 100 per cent. of the Residual Certificates to the Retention Holder. The Retention Holder transferred 95 per cent. of the Residual Certificates to one or more third party investors. The directors of the Seller therefore concluded that the Seller substantially transferred the risks and rewards of ownership of the Loans as a result of the transaction. Accordingly, in the Seller's financial statements, the transfer of the ownership of the beneficial interest in the Loans resulted in their derecognition. The directors of the Company have concluded that it is appropriate to account for the beneficial interest acquired in the Loans by recognising the Loans on the Company's Statement of financial position. The day 1 value of the Loans represented the initial consideration paid to the Seller to acquire the beneficial interest, along with the fair value of the deferred consideration. The Company's functions and business activities are set out in the prospectus dated 17 January 2023 which also documents the terms and conditions of the Notes and the legal agreements setting out the terms of the securitisation (the "transaction documents"). The Company's obligation to pay principal and interest on the Notes and amounts due on the Certificates and its operating and administrative expenses will be met primarily from payments of principal and revenue received from the Loans.

1 Accounting policies (continued)

Statement of compliance

The Company has adopted and is in compliance with United Kingdom Accounting Standards, Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (the "FRS 102") and the Companies Act 2006.

Basis of preparation

The financial statements of the Company are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company has adopted and is in compliance with Financial Reporting Standard 102 (FRS 102). The Company has adopted in full IAS 39 with respect to the recognition and measurement of financial instruments. The accounting policies which have been applied consistently throughout the period to the Company's financial statements are set out below. The directors have adjusted the format of the Statement of comprehensive income and statement of financial position as allowed under Companies Act 2006. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. There are no foreign operations.

Basis of preparation – 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 to place the Company into liquidation.

The company is in a net liability position mainly as a result of EIR and other accounting adjustments. 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 Notes are a limited recourse obligation of the Company, secured over the Loan, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. The liquidity reserve fund is available to make interest payments to the noteholders if interest arrears would otherwise occur.

The directors have performed an assessment of going concern. In terms of considering going concern, the focus was upon the Company's position in respect of the potential for reduced cash flows to trigger an event of default, amounts that may be deferred per the transaction documents, and the operational resilience of the Company. The directors have concluded that should there be an economic downturn drastic enough to materially impair revenue receipts from the portfolio of Loans, the credit enhancement provided to the Company is sufficient to cover the fixed coupon interest due on the Notes and the expense obligations of the Company for a period in excess of 12 months following the date of approval of the annual report and financial statements.

Segmental analysis

The whole Company's operations are carried out in the United Kingdom and the results and net assets are derived from its acquisition of the Loans and therefore the directors only report one business and one geographic segment.

Financial instruments

In accordance with Section 11 of Financial Reporting Standard 102, the directors have chosen to apply the provisions of IAS 39 with respect to the recognition and measurement of financial instruments

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 are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The initial fair value of the Loans is based on the initial consideration paid and the directors' assessment of the expected deferred consideration to be paid. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired, as described further in the Impairment accounting policy below

1 Accounting policies *(continued)*

The discount inherent in the acquisition price of the Loans is accreted into the Statement of comprehensive income on a straight line basis.

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 effective interest rate method. The discount on the Notes is accreted into the Statement of comprehensive income on a straight line basis.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. 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. These indicators primarily relate to arrears in scheduled payments past due by more than 30 days. 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.

Impairment losses are recognised in the statement of comprehensive income 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.

The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. These key assumptions are based on observed data from historical patterns and are updated by the servicer as new data becomes available.

Cash at Bank and in hand (restricted)

Cash and cash equivalent in the statement of financial position comprise cash at bank and in hand. 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.

Interest receivable and similar income and interest payable and similar charges

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities measured at amortised cost is determined using the effective interest rate method. The effective interest rate method 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 is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. When calculating the effective interest rate, the Company estimates cashflows considering all contractual terms of the financial instrument but does not consider future credit losses.

Deferred consideration

Under the terms of the Mortgage Sale Agreement, the Company has a liability to pay deferred purchase consideration to the holders of the Certificates. The payment of these amounts is conditional on the performance of the Loans. The amount due at the period end date is shown as a liability in the financial statements. The expected obligation on the Certificates to pay deferred purchase consideration is initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The Company has issued the Certificates to the Seller on the Closing Date. The Certificates represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer on the Closing Date, comprising the Class S1 Certificate Payment (in respect of the Class S1 Certificates), the Class S2 Certificate Payment (in respect of the Class S2 Certificates) and the Residual Certificate Payment (in respect of the Residual Certificates) in accordance with the Certificate Conditions.

The Residual Certificates rank pro rata and pari passu without preference or priority among themselves in relation to payment of the Residual Certificate Payment amount at all times, but subordinate to the Notes and the Class S1 and S2 Certificates as provided in the Conditions and the transaction documents. Payments of principal in relation to all Classes of Notes will be subordinate to payments of Principal Addition Amounts.

Under the terms of the securitisation, the Company retains the right to £1,250 on each interest payment date ("IPD") falling after the closing date starting March 2023, of available revenue receipts from the beneficial interest in the Loans, to the extent sufficient cash is available for such retention. Available Revenue Receipts are defined by the transaction documents and include interest on the Loans and interest received on the bank accounts. Cash profits in excess of this are payable to the Residual Certificates holders in the form of deferred consideration. The payments on the Residual Certificates are strictly governed by the priority of payments that sets out how cash can be utilised. The value of the Certificates is calculated by discounting expected future cash flows.

Taxation

The directors are satisfied that this 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 are 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.

Critical accounting judgement and estimates

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

1 Accounting policies *(continued)*

Critical accounting judgement and estimates (continued)

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

The judgments and estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and that have a significant effect on the amounts recognised in the financial statements, are discussed below:

Judgements

Recognition of the Loans

On Closing Date, the Company acquired a portfolio of UK residential mortgages from the Seller for initial consideration of £2,671,177,187 and deferred consideration (contingent upon the future performance of the Loans). The sale of the Loans by the Seller to the Company are deemed to have achieved derecognition under the financial reporting standard IAS 39: Financial Instruments: Recognition and Measurement following the sale of the Residual Certificates to a third party. The Seller was deemed to have transferred substantially all the risks and rewards of ownership to the Company. It follows therefore that the Loans have been recognised directly on the Statement of financial position of the Company.

Estimates

Initial and subsequent recognition of Residual Certificates

Under the terms of the securitisations the Company legally acquired Loans from the Seller for initial consideration and deferred purchase consideration (being the residual cash flows of the Company, as set out in the transaction documents, payable on the Residual Certificates). The estimated deferred consideration payable was included within the financial period end fair value of the Loans and as a separate liability.

The fair value of the Residual Certificates at the date of issue was calculated with reference to the price paid by third party investors.. The Residual Certificates are measured subsequently at amortized cost using the effective interest rate computed using the cashflow forecast model on the Residual Certificates.

The key assumption used in this model were the constant prepayment rate of underlying Loans. Additional assumptions were made around the discount rate and the expected life of the Loans until the optional redemption date. Adverse economic conditions could extend the life of the Loans in the event that borrowers are not able to complete their payments of their loans.

Subsequently, expected cash flows in relation to the deferred purchase consideration asset and liability are reviewed annually and the carrying value adjusted accordingly. However, over the life of the transaction, adjustments on the deferred purchase consideration asset and liability in conjunction with effective interest rate adjustments on the Loans are not expected to have a material impact on the profit and loss account, due to their offsetting nature

Impairment losses on the Loans

The level of potential credit losses on the Loans is uncertain and could depend on a number of micro and macro-economic factors that may affect repayment conditions and the value of the underlying collateral. The Company estimates the expected cash flows from borrowers after taking account of expected proceeds from realisable security less estimated forced sale discount. The Company assesses impairment provisions based on historical and incurred loss experience and will calculate and recognise impairment when there is objective evidence of an impairment event having occurred, for example a missed repayment, in line with the stated accounting policy on Impairment. As at 31 July 2023, if the house price index had been 5% higher or 5% lower, with all other variables held constant, the net effect on the Company's impairment

1 Accounting policies *(continued)*

Estimates(continued)

provision would be £4,400,484 lower and £5,544,756 higher respectively. As at 31 July 2023, if the force sale discount had been 5% higher or 5% lower, with all other variables held constant, the net effect on the Company's impairment provision would be £9,211,933 higher and £6,402,039 lower respectively.

2 Interest receivable and similar income

	Period ended 31 July 2023 £
Loan Interest received	90,063,654
Accretion of discount on Loans	14,322,543
Effective Interest rate Adjustment on deferred consideration asset	(972,788)
Bank Interest received	3,286,340
	106,699,749

3 Interest payable and similar expenses

	Period ended 31 July 2023 £
Interest expense on Notes	81,317,097
Interest expense on Certificates	28,316
Accretion of discount on Notes	18,015,814
	99,361,227

4 Loss before tax

	Period ended 31 July 2023 £
This has been arrived at after charging:	
Auditors' remuneration for statutory audit (excluding VAT)	**68,750**

No non-audit services were provided by PwC during the period.

5 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 £23,465 were paid of which £10,511 are prepayments to Intertrust Management Limited. As at the period-end fees of £nil were accrued to Intertrust Management Limited for the provision of corporate administration to the Company, which included the provision of the directors to the Company.

6 Taxation on loss

	Period ended 31 July 2023 £
a) The Company tax charge in the period	
	475

Factors affecting the company tax charge in the period

The tax assessed for the year is the standard rate of corporation tax in the UK. A reconciliation of factors affecting the Company current tax charge is presented below:

Loss before tax	(32,964,560)
Current tax credit at 19%	(6,263,266)
Effects of:	
Accounting profits not taxed in accordance with SI 2006/3296	6,263,266
Cash retained profit taxed in accordance with SI 2006/3296	475
Total tax charge	**475**

The current 19% rate of corporation tax will continue until April 2023 when it will be increased to 25%. However, companies with taxable profits of £50,000 or less will continue to pay at 19% even after 1 April 2023.

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 or loss. Instead, the Company is required to pay tax on its cash retained profits of £1,250 on the interest payment dates from March 2023 as specified in the documentation governing the transaction.

7 Loans

The Loans are secured by first charges over residential properties in England, Wales and Scotland.

The day 1 fair value of consideration payable for the Loans is made up of cash consideration of £2,671,177,187 and deferred consideration of £4,397,115. The Loans were purchased from Seller on the Closing date. The Loans were initially recognised at fair value which was the purchase price paid on the Closing date and an estimation of the deferred consideration which will be paid over the life of the transaction.

7 Loans *(continued)*

	31 July 2023 £
Opening book value	-
Aggregate principal balance outstanding at acquisition	2,759,041,907
Discount on acquisition	(87,864,720)
Day 1 fair value of deferred consideration	4,397,115
Balance as on Closing date	**2,675,574,302**
Redemption of the Loans	(468,546,417)
Capitalised interest	20,645,897
Amortisation of discount	14,322,543
Amortisation of Deferred purchase price	(972,788)
Principal write-offs	(5,219,374)
Closing Gross Balance	**(439,770,139)**
Opening Impairment	-
Charge for the period	(31,507,901)
Closing Impairment	**(31,507,901)**
Closing book value as at 31 July 2023	**2,204,296,262**
The maturity profile of the Loans as at 31 July 2023:	
In one year or less	764,614,003
In more than one year	1,439,682,259
	2,204,296,262

8 Debtors

	31 July 2023 £
Other debtors	3,164,363
Called up Share capital not paid	12,501
Prepayments and accrued income	13,585
	3,190,449

9 Creditors

	31 July 2023 £
Amounts falling due within one year	
Notes	761,361,438
Certificates	1,631,440
	762,992,878
Other Creditors:	
Accrued interest payable on Notes	6,963,465
Accrued expenses	388,972
Other creditors	12,000
Tax provision	475
	7,364,912
Total of creditors falling due within one year	**770,357,790**
Amounts falling due after more than one year	
Notes	1,554,075,812
Certificates	1,792,888
	1,555,868,700

The optional redemption date for the Notes is April 2026 and the contractual final maturity date for the Notes is in October 2062. Notes are based on Compounded Daily SONIA and are secured over the Loans.

Notes	ISIN	Interest rates	Issue Balance 2023 £	Principal Repayment £	Amortised Discount £	At 31 July 2023 £
Class A	XS2549049539	SONIA + 1.50%	2,304,332,083	(407,679,673)	2,164,716	1,898,817,126
Class B	XS2549049703	SONIA + 2.25%	134,987,010	-	483,476	135,470,486
Class C	XS2549049968	SONIA + 3.00%	93,312,692	-	530,474	93,843,166
Class D	XS2549050115	SONIA + 4.00%	53,348,991	-	298,630	53,647,621
Class E	XS2549050388	SONIA + 5.00%	39,867,134	-	247,585	40,114,719
Class F	XS2549050545	SONIA + 6.00%	37,640,567	-	610,531	38,251,098
Class X	XS2442283482	SONIA + 9.00%	19,714,221	-	159,548	19,873,769
Class R	XS2549050891	N/A	105,273	-	5,829,566	5,934,839
Class Z	XS2442283219	N/A	21,793,138	-	7,691,288	29,484,426
			2,705,101,109	(407,679,673)	18,015,814	2,315,437,250

Certificates	ISIN	Interest rates	Opening Balance 2023 £	Payments £	EIR Adjustment £	At 31 July 2023 £
Class S1 Certificates	N/A	N/A	4,039,220	(1,001,103)	28,316	3,066,433
Residual Certificates	N/A	N/A	357,895	-	-	357,895
			4,397,115	(1,001,103)	28,316	3,424,328

10 Called up share capital

	31 July 2023 £
Called up, allotted and issued	
Ordinary shares of £1 each: 49,999 - quarter paid	12,500
1 ordinary share of £1: fully paid	1
	12,501

The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The share capital account is held in a client bank account administered by Intertrust Management Limited and is accessible by the Company on demand.

11 Profit and loss account

	Period ended 31 July 2023 £
Opening balance	-
Loss for the financial period	(32,965,035)
Closing balance as at 31 July	**(32,965,035)**

12 Financial instruments

The narrative disclosure required by Financial Reporting Standard 102 in relation to the nature of the financial instruments used during the period to mitigate credit, interest rate and liquidity exposure is 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 from inception of the securitisation transaction. The Company's activities and the role of each party to the transaction is clearly 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 met, that no unforeseen risks have arisen and that the noteholders have been paid on a timely basis.

Credit risk

The ability of the Company to meet its obligations to make principal and interest payments on the Notes and to meet its operating and administrative expenses is dependent on the extent that it has such amounts available to it. Credit risk exists on the Loans.

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due. The Company's principal business objectives rest on the purchase of mortgage loan portfolios. Although the underlying Loans are secured by first charges over the residential properties in England, Wales, Northern Ireland and Scotland, the Company considered the evaluation of a borrowers' ability to service a loan according to its terms to be the principal factor in assessing the credit risk. The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

12 Financial instruments*(continued)*
Credit risk*(continued)*

31 July 2023	**Carrying value**	**Maximum exposure**
	£	**£**
Assets:		
Loans	2,204,296,262	2,204,296,262
Cash at bank and in hand	85,787,245	85,787,245
Other debtors	3,190,449	3,190,449
	2,293,273,956	**2,293,273,956**

The credit quality and fair value of collateral for the Loans (excluding deferred consideration) are summarised as follows:

31 July 2023	**Carrying value**	**Impairment**	**Fair value of collateral (capped)**
	£	**£**	**£**
Loans			
Current upto 1 month	1,855,034,121	-	1,855,034,121
From 1 to 2 months	76,334,684	(1,192,303)	75,142,381
From 2+ to 3 months	63,299,604	(937,681)	62,361,923
From 3+ to 6 months	92,958,496	(1,714,546)	91,243,950
From 6+ to 9 months	43,813,476	(1,411,197)	42,402,279
From 9+ to 12 months	24,867,805	(816,384)	24,051,421
From 12+ months	149,613,828	(25,435,790)	124,178,038
	2,305,922,014	**(31,507,901)**	**2,274,414,113**

Range of LTV Ratios end of period	**Current Balance (GBP)**	**% of Total**	**Number of Accounts**	**% of Total**
0% – <=25%	170,970,476	7.41%	3,905	22.12%
>25% – <=50%	1,051,035,213	45.58%	6,747	38.20%
>50% – <=55%	339,851,070	14.74%	2,162	12.24%
>55% – <=60%	294,399,493	12.77%	2,021	11.45%
>60% – <=65%	166,644,714	7.23%	1,148	6.50%
>65% – <=70%	76,603,408	3.32%	538	3.05%
>70% – <=75%	45,450,275	1.97%	310	1.76%
>75%	160,967,365	6.98%	826	4.68%
Total	**2,305,922,014**	**100.00%**	**17,657**	**100.00%**

12 Financial instruments*(continued)*
Credit risk*(continued)*

The Loans are secured by first charges over residential properties in England, Wales and Scotland.

The fair value of collateral below is based on an estimate by indexing the valuation performed at the time of borrowing using the Nationwide House Price Index. The estimate of fair value is based on indexing the valuation performed at the time of borrowing using the Nationwide House Price Index and capped at the amount of the underlying loans if the indexed valuation is greater.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of the Loans and the Notes (its principal assets and liabilities) are similar. The Company is exposed to some interest rate risk because the Loans are subject to variable rates while the Notes are based on SONIA. However, this risk is borne by the holders of the Residual Certificates.

The Notes are limited recourse obligations of the Company, therefore, to the extent that there are insufficient funds available to pay outstanding interest on the Notes, payments will be made in accordance with the applicable payments priorities in the Company's prospectus and any outstanding amounts on the Notes interest will be deferred.

Interest on the floating rate liabilities is determined and payable quarterly in arrears at the following rates above the Compounded Daily SONIA:

	ISIN	31 July 2023 £	Interest rate
Class A	XS2549049539	1,909,932,327	SONIA + 1.50%
Class B	XS2549049703	137,953,000	SONIA + 2.25%
Class C	XS2549049968	96,567,000	SONIA + 3.00%
Class D	XS2549050115	55,181,000	SONIA + 4.00%
Class E	XS2549050388	41,386,000	SONIA + 5.00%
Class F	XS2549050545	41,386,000	SONIA + 6.00%
Class X	XS2442283482	20,693,000	SONIA + 9.00%
Class R	XS2549050891	35,868,000	N/A
Class Z	XS2442283219	68,977,000	N/A
Class S1 Certificates	N/A	3,066,433	N/A
Residual Certificates	N/A	357,895	N/A
Total carrying value of the Notes		**2,411,367,655**	
Net discount on notes		(92,506,077)	
		2,318,861,578	

The Notes are limited recourse obligations dependent on receipt of principal and interest from the borrowers on each IPD. The Class A Notes always rank ahead of other classes of Notes.

Currency profile

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

12 Financial instruments *(continued)*

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 as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayment on the Loans.

In the event that the Company has insufficient funds available to pay interest and/or principal on the Notes then it is obliged to draw on the Credit Reserve Fund or the Liquidity Reserve Fund to meet its obligations. The non-amortizing Credit Reserve Fund, which was funded at closing to 1.30 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and the Class Z Notes as at the Closing Date less amounts standing to the credit of the Liquidity Reserve Fund which can be used to pay off senior expenses, cure the Principal Deficiency Ledger for the rated notes and cover interest shortfalls (subject to various conditions). The Liquidity Reserve Fund was funded at closing and its required amount is prior to the date on which the Class A Notes and the Class B Notes are redeemed in full, an amount equal to 1.30 per cent. of the then aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes (as determined prior to any redemptions made in respect of the Class A Notes and the Class B Notes on the relevant Interest Payment Date), and thereafter zero. The Liquidity Reserve Fund is available to cover shortfalls on the senior expenses and interest payments on the Class A and B Notes and the Class S1 certificates. If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest, then the Company is entitled to defer payment of that amount until the following IPD. The Issuer shall not be entitled to defer amounts of interest payable in respect of the Class A Notes..

The Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the interest payment date falling in October 2062. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make repayments of interest on the Notes to the extent that repayments are received from the Loans.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet

As at 31 July 2023	**Carrying Value**	**Gross cash flows**	**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	2,315,437,250	2,350,790,953	425,673,254	335,688,184	1,338,228,372	251,201,143
Interest payable on Notes	6,963,465	404,069,683	74,972,927	60,508,280	244,661,652	23,926,824
Certificates	3,424,328	5,109,023	898,866	732,574	3,008,043	469,540
Total as 31 July 2023	2,325,825,043	2,759,969,659	501,545,047	396,929,038	1,585,898,067	275,597,507

The Notes do not have a contractual amortisation profile as they are repaid based on the cash received from the Loans. The contractual cash flows for the notes included in tables above are based on the contractual cash flows on the Loans. Interest payable on the Notes has been based on the current SONIA rates and margin. The timing of the undiscounted cash flows set out in the table above is dependent on the uncertain timing of cash receipts from the securitised assets and thus the table sets out an estimate derived from observable market data. As a consequence, the directors have elected to base the maturity profile for the Notes on their expected cash flows. This therefore ignores the call option/assumes it isn't exercised as this would be a future event.

13 Reconciliation of loss for the financial period to net cash outflow from operating activities

	Period ended 31 July 2023 £
Loss for the financial year/period	(32,965,035)
Tax on loss	475
Interest receivable on Loans	(90,063,654)
Interest receivable on bank balances	(3,286,340)
Interest payable on Notes and Certificates	81,345,413
Effective Interest rate Adjustment on deferred consideration asset	972,788
Amortisation of Discount on Loans	(14,322,543)
Accretion of discount on Notes	18,015,814
Impairment charge	31,507,901
Principal losses and write-offs	5,219,374
Increase in debtors	(3,190,449)
Increase in creditors	400,971
Net cash outflow from operating activities	**(6,365,285)**

At the year end, the Company cash at bank and in hand amounted to £ 85,787,245 of which £ 25,598,384 related to the Liquidity Reserve Fund.

14 Analysis of changes in Net debt

	19 January 2023 £	Cash flow £	Other changes £	At 31 July 2023 £
Cash at bank and in hand (restricted)	167,671,899	(81,884,654)	-	85,787,245
Notes	(2,705,101,109)	407,679,673	(18,015,814)	(2,315,437,250)
Net Debt	**(2,537,429,210)**	**325,795,019**	**(18,015,814)**	**(2,229,650,005)**

The Certificates are not considered to form part of the net debt of the Company, as they were issued as consideration for the purchase of the Loans and payments on them are solely dependent upon cash receipts into the Company.

15 Immediate parent

The Company's immediate parent company is Bridgegate Funding Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire share capital of Bridgegate Funding Holdings Limited is held on a discretionary trust basis under a share trust deed by the legal parent company, Intertrust Corporate Services Limited, a company incorporated in the United Kingdom and registered in England and Wales for the benefit of certain charities.

As the trustees are not entitled to any economic benefit and the beneficiaries do not have any decision-making power, they are not considered to control the Company. The directors do not consider the Company to have a controlling party.

16 Related party transactions

During the year, fees of £23,465 were paid of which £10,511 are prepayments to Intertrust Management Limited. As at the year-end, fees of £nil were accrued to Intertrust Management Limited for the provision of corporate administration to the Company, which included the provision of the directors to the Company.