Docusign Envelope ID: 5C02E6F8-7D40-4AAD-A064-CFE1FD07B824

Company Number 15122215

Barrow Funding Plc

Annual report and financial statements

For the period from 7 September 2023 (date of incorporation) to 30 September 2024

Docusign Envelope ID: 5C02E6F8-7D40-4AAD-A064-CFE1FD07B824

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Officers and professional advisers

Directors

CSC Directors (No.3) Limited (formerly Intertrust Directors 1 Limited)
CSC Directors (No.4) Limited (formerly Intertrust Directors 2 Limited)
Helena Whitaker

Company secretary and registered office

CSC Corporate Services (London) Limited (formerly Intertrust Corporate Services Limited)
5 Churchill Place, 10 Floor
London
E14 5HU
United Kingdom

Company number

15122215
(England and Wales)

Independent auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

Strategic report for the period from 7 September 2023 (date of incorporation) to 30 September 2024

The directors present the first strategic report of Barrow funding Plc (the "Company" or the "Issuer") for the period from 7 September 2023 (date of incorporation) to 30 September 2024.

Incorporation, principal activity, business review and future developments

The Company, a public limited company limited by shares, was incorporated as a special purpose vehicle on 7 September 2023 in the United Kingdom and registered in England and Wales under the Companies Act 2006.

The Company was established as a special purpose vehicle to raise debt in the form of Notes (the "Notes") and to use the funds to acquire the rights and beneficial title to a portfolio of residential mortgage loans together with the related security (the "Loans"), originated by Bank of Scotland (the "Seller" or "Originator").

On 29 May 2024 (the "Closing Date"), the Company, as part of a securitisation transaction, raised funding by issuing Class A - F mortgage-backed floating rate notes and Class Z zero coupon rate notes. The first optional redemption date is on the interest payment date (the "IPD") falling in May 2028 with the final redemption date of the Notes set for the IPD falling in November 2062. The Notes are limited recourse obligations of the Company. The Notes were issues at an overall discount of £13,125,478 with specific issue prices as follows:

Note issued	Initial principal amount	Issue Price
Class A	£844,100,000	100.21%
Class B	£60,300,000	101.77%
Class C	£30,100,000	102.46%
Class D	£20,100,000	102.07%
Class E	£10,100,000	101.68%
Class F	£10,000,000	102.45%
Class Z	£48,200,000	63.617%

The Company has also issued Residual Certificates (the "Residual Certificates") to the Seller, which do not have a principal balance associated with them, however the Seller sold 95% of the Residual Certificates to a third party. The proceeds from the sale of these Residual Certificates were £1,170,000. The total proceeds from the issuance of Notes and Residual Certificates were £1,009,774,522. All of the Offered Notes are listed on the regulated market of the London Stock Exchange.

The Company applied the proceeds from the issuance of the Notes to pay the initial consideration of £991,362,324 to the Seller. The Loans were acquired at a discount of £12,382,941 and are secured by first charges over residential properties located in England, Wales, Scotland and Northern Ireland.

In addition, the proceeds from the Notes were used to establish a Liquidity Reserve Fund (the "Liquidity Reserve Fund") and a Credit Reserve Fund (the "Credit Reserve Fund"), (together, the "Total Reserve Fund") of £18,412,200. As at 30 September 2024 the Total Reserve Fund balance is £18,412,200.

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Incorporation, principal activity, business review and future developments *(continued)*

The purchase price of the Loans consisted of the initial consideration, as detailed above, and the deferred consideration. The deferred consideration consists of the amounts payable to the Seller in accordance with the priority of payments, the right to such payments being represented by the issue of the Residual Certificates to the Seller. The majority holder of the Residual Certificates has the right to exercise a purchase option in relation to the Loans, which would lead to an early redemption of the Notes on the first optional redemption date falling on the IPD in May 2028.

As a result of the sale of the Residual Certificates, the Directors of the Company concluded that the Seller substantially transferred the risks and rewards of ownership of the Loans as a result of the transaction. The Directors have concluded that the transfer of the ownership of the beneficial interest in the Loans to the Company resulted in the derecognition from the balance sheet of the Seller under the financial reporting standard International Accounting Standard 39 (IAS 39); Financial Instrument: recognition and Measurement, adopted as per section 11 of Financial Reporting Standard (“FRS 102”). The Directors of the Company have concluded 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 Company’s obligation to pay principal and interest on the Notes, its operating and administrative expenses, and amounts due on the Residual Certificates will primarily be met using the payments of principal and interest received from the Loans. The Notes and the Residual Certificates are limited recourse obligations of the Company.

The directors consider the performance of the Company to be in line with expectations for the current period and 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 shows the profit after tax of £4,032,603 for the financial period.

Under the terms of the securitisation, the Company retains the right to £1,250 of issuer profit on each quarterly IPD. This is the only profit to which the Company is entitled. Any residual cash flows remaining out of the available revenue receipts (as defined in the transaction documents) after all obligations of the Company have been paid to the holder of Residual Certificates and are paid on each IPD as deferred consideration.

The result for the period differs from this issuer profit amount is mainly due to the capitalisation of issue costs, which due to accounting requirements, were capitalised during the period. The total unamortised issue costs as at 30 September 2024 is £4,146,684.

As at 30 September 2024, the net asset position is £4,045,104 as shown in the statement of financial position.

Key performance indicators

The directors obtain a full breakdown of the performance of the Loans on a quarterly basis. The balance due on the Loans, a key performance indicator, held by the Company at the period end is £892,479,838, net of the effect scheduled repayments, principal losses, impairment provision and amortisation of discount.

Key performance indicators monitored are:

	30 September 2024
Carrying value of the Loans	£892,479,838
Carrying value of the Loans 1-3 months or more in arrears	£184,333,799
Number of the loans 1-3 months or more in arrears	975

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Principal risks and uncertainties and financial risk management

The Company's activities expose it to a number of risks and uncertainties which are largely mitigated by the structure of the transaction and discussed in detail within the transaction documents. The key business risks affecting the Company and its management are set out below.

Macroeconomic factors

The key future developments which the directors expect to have the greatest influence on the Company, due to its impact on the performance of the Loans (in particular, future cashflows, default rates and collateral values) relate to pressures resulting from uncertainty and changes in the macroeconomic environment. The UK has faced significant economic uncertainty in recent years.

Although the Consumer Price Index (CPI) inflation rate, as reported by the Office for National Statistics (ONS), decreased from 6.30% in September 2023 to 2.6% in September 2024, it is not expected to reach the government's long-term target of 2.00% until 2026. To mitigate the risk of inflationary spikes, the Bank of England is anticipated to implement further cuts to its current base rate of 4.25%.

Additionally, the increase in employers' National Insurance contributions from April 2025 have increased labour costs for businesses, which could potentially start impacting future unemployment rates. Furthermore, the US administration's decision to impose import tariffs on China, Canada and Mexico - along with ongoing geopolitical tensions (including conflicts in the Middle East and the Russia-Ukraine war) could disrupt global supply chains, further compounding economic challenges.

These factors collectively elevate the risk that borrowers may struggle to make payments due to rising inflation, declining income levels, or higher unemployment. While the full extent and duration of these macroeconomic uncertainties remain unclear, there is a potential risk of financial instability within the Company. However, as at the period-end, there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows. As the Notes are a limited recourse obligation of the Company, the Company is not ultimately exposed if the borrowers are unable to repay the Loans.

The Company will continue to monitor the effect these macroeconomic factors have on borrowers' ability to repay their Loans and therefore, the performance of the Company.

Financial instruments

The Company's operations are financed primarily by means of the Notes. The Company issued such financial instruments to finance the Loans. The risk profile of the Company is such that risks of the Loans are ultimately borne by the Note holders.

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 are summarised below.

Credit risk

Credit risk primarily 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.

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Credit risk (continued)

The Company relies on the Originator's established credit governance procedures and credit and fraud risk monitoring to mitigate the risk of financial loss resulting from the default on the Loans or fraudulent activity. Management of credit risk is undertaken by reviewing and monitoring the arrears balances of the Loans.

As at 30 September 2024 there were 1218 underlying Loans in arrears with a carrying value of £216,311,024. The directors have concluded that an impairment provision of £9,012,525 based on the Loans which are in arrears and Loans already defaulted during the period, as well as including a provision for those Loans that not in arrears.

The credit quality of the Loans is set out under the credit risk section of note 13.

Liquidity risk

The objective of the Company's liquidity management is to ensure that sufficient funds are available to meet the Company's commitments. Liquidity risk is minimised by the fact that repayments on the Notes only to the extent that funds are available as they are limited recourse obligations. This means that payments are only made to the extent that sufficient funds are available, ensuring that the company's obligations do not exceed the cash flows generated by the Loans.

In the event that the Company has insufficient funds available to meet its payments as they fall due, it is obliged to draw on its Liquidity Reserve Fund and Credit Reserve Fund where applicable to meet its obligations to the noteholders, security trustee, trustee and any appointed receiver. Available revenue receipts may be used to replenish the Liquidity Reserve Fund and the Credit Reserve Fund to the required amounts respectively in accordance with the revenue priority of payments.

The Liquidity Reserve Fund is available to make payments due to the security trustee, trustee and any appointed receiver and interest payments specifically on Class A and Class B Notes if revenue arrears would otherwise occur. The Credit Reserve Fund is available to provide liquidity support (and ultimately, credit enhancement) for the Class A, Class B, Class C, Class D, Class E, Class F and Class Z Notes.

If, on any IPD, the Company has insufficient funds to make payment in full of all amounts of interest, other than the most senior class of the Notes outstanding, then the Company is entitled to defer payment of that amount until the following IPD.

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 majority of the Loans are subject to variable rates, while the interest expense on the Notes is based on Compounded Daily Sterling Overnight Index Average ("SONIA"). The characteristics of both these variable rates track parallel to one another reducing the overall interest rate risk faced by the Company.

As detailed in the transaction documents, there are criteria that need to be met in order for the Company to enter into an interest rate swap agreement. The conditions confirm that an interest rate swap agreement can only be entered into when the fixed rate mortgage loans equate to more than 5% of the principal value outstanding against the whole mortgage pool. As at the period end, and up to the date of signing the financial statements, this condition has not been met, and therefore the Company did not enter into a swap agreement.

Currency risk

The Company is not exposed to currency risk as all its financial instruments are denominated in pound sterling ("GBP").

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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.

Streamlined energy and carbon reporting

The Company is out of scope of the streamlined energy and carbon reporting (the "SECR"), as it does not meet the numerical thresholds in relation to turnover and number of employees. The Company acknowledges recommendations provided by the Task Force on Climate-related Financial Disclosures (the "TCFD"). However, as a special purpose vehicle with no physical presence or workforce, the Company has determined that TCFD disclosures (which are intended for companies with operational footprints), are not applicable at this time. The directors will continue to monitor any changes in the climate risk environment.

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 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 section 426B of Companies Act 2006 a copy of this statement is available at:
https://connect.cscgfm.com/issuer/2623766

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

Robert Pitcher
per pro **CSC Directors (No.3) Limited** (formerly Intertrust Directors 1 Limited)
Director
6 June 2025

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The directors present their first report together with the audited financial statements for the period from 7 September 2023 (date of incorporation) to 30 September 2024.

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.

The directors are responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting.

Due to the nature of the securities which have been issued, the Company is exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1 audit committees and DTR 7.2 corporate governance statements (save for DTR 7.2.5 requiring a description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and to include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee, or a supervisory body entrusted to carry out the functions of an audit committee.

DTR 7.2.5 requires a description of the main features of the issuer's internal control and risk management. systems in relation to the financial reporting process. The directors are responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The directors have established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The directors are responsible to evaluate and discuss significant accounting and reporting issues as the need arises. The directors are responsible to examine and evaluate the external auditors' performance, qualifications and independence.

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.

Going concern *(continued)*

The ability of the Company to meet its obligations on the Notes and Residual Certificates and to meet its operating and administrative expenses is dependent primarily on the performance of the Loans. The Notes and Residual Certificates are a limited recourse obligation of the Company, secured by the Loans, and the Company's ability to pay amounts due on the Notes and Residual Certificates 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 and Residual Certificates.

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. While the Class A Notes are the most senior, they could still be exposed to losses if those losses are large enough to erode all subordinate Notes. The Company therefore has further credit enhancement in the form of cash balance held in a Liquidity Reserve Fund and a Credit Reserve Fund providing an extra buffer against any going concern issues in the near future.

The Liquidity Reserve Fund amounting to £18,088,000 at 30 September 2024, is available to make payments due to the security trustee, trustee and any appointed receiver and interest payments specifically on Class A and Class B Notes if revenue arrears would otherwise occur.

The Company also has a Credit Reserve Fund amounting to £324,200 at 30 September 2024 which is available to provide liquidity support (and ultimately, credit enhancement) for the Class A, Class B, Class C, Class D, Class E, Class F and Class Z Notes.

Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Loans will be a risk to the noteholders. The Notes have a final maturity date falling on the IPD in November 2062, however a first optional redemption date (the "FORD") falls on the IPD in May 2028. In addition a clean-up call option exists when the outstanding balance of the mortgage loans drops below 10% of the original outstanding balance. If exercised the mortgage loan portfolio is expected to be sold with the proceeds used to redeem the outstanding obligations of the Company. This is expected to be on or after the IPD falling in May 2033.

The Company has made a profit for the period and still retains sufficient cash reserves and has been able to pay all liabilities as they have fallen due. There was no occurrence of an Event of Default during the period and up to the latest interest payment date in May 2025.

Given the standing of the credit enhancement as noted above, as well as the overall balance sheet position, the directors do not believe there is any indication at this time that cash flows in respect of the Loans will be insufficient to satisfy the liabilities of the Company. It is the intention of the directors for the Company to continue operations until such a time as the amounts due from the Loans have been fully realised.

The Company has met all of its liabilities as they have fallen due from the period end 30 September 2024 to the most recent IPD of May 2025. The directors are satisfied that the Company will continue to be able to meet its liabilities as they fall due for 12 months from the date of signing the financial statements and for this reason the directors have adopted the going concern basis in preparing the financial statements.

Disclosures included in the strategic report

The Company has elected to include the information on future developments in the business of the Company, exposure of the Company to the risk on financial instruments and the management of such risk as per Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" in the strategic report, as the Directors consider those matters to be of strategic importance to the Company.

Charitable and political donations

During the period the Company made no political or charitable donations.

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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 during the period, and subsequently, were:

CSC Directors (No.3) Limited (formerly Intertrust Directors 1 Limited)	(appointed 7 September 2023)
CSC Directors (No.4) Limited (formerly Intertrust Directors 2 Limited)	(appointed 7 September 2023)
Helena Whitaker	(appointed 7 September 2023)

None of the directors had any interest during the period in any material contract or arrangement with the Company. The Company has no employees and services required are contracted from third parties.

Dividends

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

Company secretary

CSC Corporate Services (London) Limited (formerly Intertrust Corporate Services Limited) was appointed as company secretary on 7 September 2023 and served to the period end, 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 reports and financial statements.

Statement of disclosure of information to the auditor

The directors confirm that:

a) so far as the directors are aware, there is no relevant information of which the Company's auditor is unaware; and

b) each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Auditor

The auditor, Deloitte LLP, was appointed by the directors on 21 October 2024 as the first auditor of the Company 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 Deloitte LLP will be proposed at the forthcoming annual general meeting.

This report was approved by the Board of directors on 6 June 2025 and signed on its behalf by:

Robert Pitcher
Per pro **CSC Directors (No.3) Limited** (formerly Intertrust Directors 1 Limited)
Director

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Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Robert Pitcher
Per pro **CSC Directors (No.3) Limited (formerly Intertrust Directors 1 Limited)**
Director
6 June 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARROW FUNDING PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Barrow Funding Plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2024 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the cash flow statement; and
- the related notes 1 to 18.

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

2. Basis for opinion

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

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

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current period was: • Loan loss provisioning.
Materiality	The materiality that we used in the current period was £9.1 million which was determined on the basis of 1% of the gross mortgage loan asset.
Scoping	All audit procedures to respond to risks of material misstatement were performed by the audit engagement team.

4. Conclusions relating to going concern

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

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

- assessing the liquidity of the company to evaluate whether cash flows and reserves are sufficient to cover the contractual payments of the company over a period of the next 12 months from the date of approval of the financial statements;
- inspecting the transaction documents, including those related to the notes to identify and test any triggers that could have an impact on the company's ability to continue as a going concern;
- evaluating the limited recourse features of the notes;
- assessing the directors' consideration of the redemption options available;
- inspecting the minutes of meetings of those charged with governance;
- evaluating the appropriateness of the assumptions applied by directors in reaching their conclusion on going concern; and
- assessing the appropriateness of the disclosures made 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.

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

5. Key audit matters

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

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

5.1. Loan loss provisioning

Key audit matter description	The company's mortgage asset balance (the 'Loans') of £892.5 million, after including an impairment of £9.0 million and an unamortised discount of £11.3 million, is secured by first charges over residential properties in the United Kingdom. The company has elected to apply the option available under FRS 102, to apply IAS 39 Financial Instruments: Recognition and Measurement ('IAS 39') for the measurement and recognition of its financial instruments. Accordingly, the Loans are classified as 'loans and receivables' and measured at amortised cost using the effective interest rate method. IAS 39 requires an assessment, at the end of each reporting period, as to whether there is any objective evidence that a financial asset or group of financial assets is impaired. As detailed in note 1 of the financial statements under 'Critical accounting judgements and key sources of estimation uncertainty', the level of potential credit losses on the Loans is uncertain and could depend on a number of economic factors that may affect repayment conditions and the value of the underlying collateral. Given estimates involved, we identified this as a potential area susceptible to fraud and as a key audit matter. The impairment on the Loans is derived from a model that incorporates key assumptions such as indexed collateral values. The key source of estimation uncertainty within the impairment assessment is the indexed collateral value. The accounting policy for the Loans and impairment is provided in Note 1 and management's estimate is discussed in more detail in the key sources of estimation uncertainty section of Note 1, section 'Critical accounting judgements and key sources of estimation uncertainty'. The Loan balance is disclosed in Note 8.
How the scope of our audit responded to the key audit matter	To respond to the key audit matter, we have: • obtained an understanding of the company's loan loss provisioning process; • reviewed management's model and key input assumptions used and evaluated the company's methodology for compliance with the requirements of IAS 39; • recalculated the company's assessment of the market value of the residential properties held as collateral (which is updated using house price indexation) and compared this with the carrying value of the individual mortgages to assess whether any difference represented an impairment trigger; • on a sample basis compared the indexed market value of and compared prices with other available public data sources; • we independently calculated an expected provision and compared this to management's provision; • assessed whether the provision held was commensurate with the loan book size using coverage ratios and by benchmarking this to a range of similar structures; and • assessed whether the disclosure of the key sources of estimation uncertainty provided appropriate transparency over the uncertainty surrounding the measurement of the loan loss provision.

Key observations	We identified a control deficiency over the process to update and review inputs within the loan loss provisioning model. As at the period-end date the model was updated to correct the key inputs. From the work performed, we are satisfied that the judgements and estimates involved in the loan loss provisioning are reasonable and that the loan loss provision at 30 September 2024 and the related disclosures are appropriate.

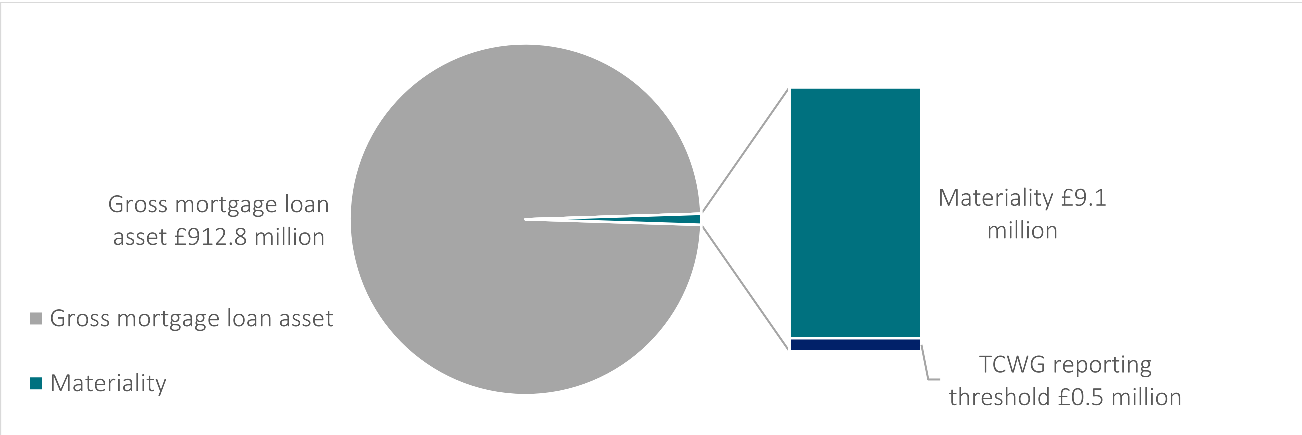
6. Our application of materiality

6.1. Materiality

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

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

Materiality	£9.1 million
Basis for determining materiality	1% of the gross mortgage loan asset
Rationale for the benchmark applied	The noteholders are the primary users of the financial statements and the key focus for users of the financial statements is the gross loans balance, as repayments to noteholders are driven by this.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2024 audit. In determining performance materiality, we considered the following factors:

a. our risk assessment, including our assessment of the company's overall control environment; and

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b. our understanding of the business processes and the nature of the company's operations as a special purpose vehicle.

6.3. Error reporting threshold

We agreed with those charged with governance that we would report to them all audit differences in excess of £0.5 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit scope was determined through obtaining an understanding of the entity and its environment, including internal controls, and assessing risks of material misstatements. Audit procedures to respond to risks of material misstatement were performed by the audit engagement team.

7.2. Our consideration of the control environment

The company has engaged service organisations for the financial reporting process and the loan servicing process. We have assessed the control environment including the use of service organisations. We obtained an understanding of the relevant controls over financial reporting, loan loss provisioning and other relevant processes. During our audit, we identified a control deficiency related to controls over loan loss provisioning as explained in section 5.1 of this report and weaknesses in the financial reporting control environment which we reported to those charged with governance. Management are currently working on a remediation plan.

8. Other information

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

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

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

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

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

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- the matters discussed among the audit engagement team and relevant internal specialists, including credit and financial instrument valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, tax legislation and the London Stock Exchange Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified loan loss provisioning as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

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

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

Report on other legal and regulatory requirements

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

13.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of those charged with governance, we were appointed by the directors on 19 November 2024 to audit the financial statements for the period ending 30 September 2024 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year, covering the period ending 30 September 2024.

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

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

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15. Use of our report

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

DocuSigned by:

I Mahroof

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Ifada Mahroof, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
06 June 2025

Statement of comprehensive income for the period from 7 September 2023 (date of incorporation) to 30 September 2024

	Note	Period from 7 September 2023 to 30 September 2024 £
Interest receivable and similar income	2	38,204,070
Interest payable and similar expenses	3	(22,514,251)
Net interest income		**15,689,819**
Other operating expenses	5	(954,326)
Principal losses on Loans	8	(1,690,052)
Movement in impairment	8	(9,012,525)
Profit before taxation	6	**4,032,916**
Taxation	7	(313)
Profit for the financial period	12	**4,032,603**
Other comprehensive income		-
Total comprehensive income for the financial period		**4,032,603**

All amounts relate to continuing activities.

The accompanying notes are an integral part of these financial statements.

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Statement of changes in equity for the period from 7 September 2023 (date of incorporation) to 30 September 2024

	Called up share Capital	Profit and loss account	Total shareholders' funds
	£	£	£
Opening balance as at 7 September 2023 (date of incorporation)	**-**	**-**	**-**
Issue of shares	12,501	-	12,501
Total comprehensive income for the financial period	-	4,032,603	4,032,603
Balance as at 30 September 2024	**12,501**	**4,032,603**	**4,045,104**

The accompanying notes are an integral part of these financial statements.

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Statement of financial position as at 30 September 2024

	Note	30 September 2024 £
Fixed assets		
Loans: due over one year	8	825,779,972
Current assets		
Loans: due within one year	8	66,699,866
Debtors	9	4,577,616
Cash at bank		58,653,048
		129,930,530
Creditors: amount falling due within one year	10	(74,055,302)
Net current assets		**55,875,228**
Total assets less current liabilities		**881,655,200**
Creditors: amounts falling due after more than one year	10	(877,610,096)
Net assets		**4,045,104**
Capital and reserves		
Called up share capital	11	12,501
Profit and loss account	12	4,032,603
Total shareholders' funds		**4,045,104**

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the board of directors on 6 June 2025 and were signed on its behalf by:

Robert Pitcher
Per pro **CSC Directors (No.3) Limited**
Director

Statement of cash flows for the period ended 30 September 2024

	Note	Period from 7 September 2023 to 30 September 2024
Cash flows from operating activities		
Cash outflows from operating activities	14	(5,423,942)
Bank interest received		922,942
Tax paid		-
Net Cash outflows from operating activities		**(4,501,000)**
Cash flows from investing activities		
Acquisition of the Loans		(991,362,324)
Redemption of Loans		90,403,053
Interest received on Loans		36,227,985
Net cash outflow from investing activities		**(864,731,286)**
Cash flows from financing activities		
Issue of ordinary share capital		12,501
Proceeds from issue of Notes		1,009,774,522
Redemption of Notes		(63,604,172)
Interest paid on Notes		(13,575,299)
Issue costs paid		(4,536,221)
Deferred consideration paid		(185,997)
Net cash inflows from financing activities		**927,885,334**
Net increase in cash in the period		**58,653,048**
Cash at beginning of the period		-
Cash at end of the period		**58,653,048**

The accompanying notes are an integral part of these financial statements.

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1 Accounting policies

General information

Barrow Funding Plc (the "Company") is a public limited company incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of its registered office is 5 Churchill Place, 10 Floor, London, United Kingdom, E14, 5HU. Refer to page 2 for the principal activity of the Company.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements of the Company are prepared on a going concern basis, under the historical cost convention as modified by revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Directors have adjusted the format of the Statement of Comprehensive Income as allowed under the Companies Act 2006. This adjustment takes into account the opinion of the Directors that net interest income constitutes a more appropriate reflection of the Company's activities than turnover and cost of sale in the Statement of Comprehensive Income.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates, as disclosed in the Critical accounting judgements and key sources of estimation uncertainty policy below. It also requires management to exercise judgement in applying the Company's accounting policies.

In accordance with Section 11 of FRS 102, the provisions of IAS 39 Financial Instruments: Recognition and Measurement ("IAS39") have been applied consistently 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 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.

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 ability of the Company to meet its obligations on the Notes and Residual Certificates and to meet its operating and administrative expenses is dependent primarily on the performance of the Loans. The Notes and Residual Certificates are a limited recourse obligation of the Company, secured by the Loans, and the Company's ability to pay amounts due on the Notes and Residual Certificates 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 and Residual Certificates.

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. While the Class A Notes are the most senior, they could still be exposed to losses if those losses are large enough to erode all subordinate Notes. The Company therefore has further credit enhancement in the form of cash balance held in a Liquidity Reserve Fund and a Credit Reserve Fund providing an extra buffer against any going concern issues in the near future.

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1 Accounting policies *(continued)*

Going concern *(continued)*

The Liquidity Reserve Fund amounting to £18,088,000 at 30 September 2024, is available to make payments due to the Security Trustee, Trustee and any appointed receiver and interest payments specifically on Class A and Class B Notes if revenue arrears would otherwise occur.

The Company also has a Credit Reserve Fund amounting to £324,200 at 30 September 2024 which is available to provide liquidity support (and ultimately, credit enhancement) for the Class A, Class B, Class C, Class D, Class E, Class F and Class Z Notes.

Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Loans will be a risk to the noteholders. The Notes have a final maturity date falling on the IPD in November 2062, however a first optional redemption date (the "FORD") falls on the IPD in May 2028. In addition a clean-up call option exists when the outstanding balance of the mortgage loans drops below 10% of the original outstanding balance. If exercised the mortgage loan portfolio is expected to be sold with the proceeds used to redeem the outstanding obligations of the Company. This is expected to be on or after the IPD falling in May 2033.

The Company has made a profit for the period and still retains sufficient cash reserves and has been able to pay all liabilities as they have fallen due. There was no occurrence of an Event of Default during the period and up to the latest interest payment date in May 2025.

Given the standing of the credit enhancement as noted above, as well as the overall balance sheet position, the directors do not believe there is any indication at this time that cash flows in respect of the Loans will be insufficient to satisfy the liabilities of the Company. It is the intention of the directors for the Company to continue operations until such a time as the amounts due from the Loans have been fully realised.

The Company has met all of its liabilities as they have fallen due from the period end 30 September 2024 to the most recent IPD of May 2025.The directors are satisfied that the Company will continue to be able to meet its liabilities as they fall due for 12 months from the date of signing the financial statements and for this reason the directors have adopted the going concern basis in preparing the financial statements.

Segmental analysis

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

Financial instruments

Pursuant to FRS 102 section 12.2, the Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement, and the disclosure requirements of sections 11 and 12 of FRS 102.

The Company's financial instruments comprise the Loans, cash and liquid resources, Notes and various other assets and payables that arise from its operations.

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. The 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. The allowance recognised is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1 Accounting policies *(continued)*

Loans

The discount on the purchase of Loans is amortised to the profit and loss account over the expected life of the Loans

Financial assets are derecognised when:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Company, despite having retained some significant risks and rewards of ownership; has transferred control of the asset to another party.

Notes

The Notes are classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liability and are subsequently measured at amortised cost using the effective interest rate method. The premium/discount on the Notes and issue costs are amortised into the statement of comprehensive income over the term of the Notes until the expected First Optional Redemption Date ("FORD").

Residual Certificates

The Residual Certificates are classified as other financial liabilities and are initially and subsequently measured at fair value. These instruments are valued using discounted cashflows using appropriate discount rates, with key inputs including prepayment rates ("CPR"), default rates ("CDR"), recovery rates on defaulted loans, recovery lags, and the discount rate.

Impairment

Impairment is recognised on a portfolio basis against the carrying value of the Loans when there is objective evidence of a loss event having occurred as per IAS 39 incurred loss model. Such loss events are considered to include a breach of contract, such as a default or delinquency in interest or principal payments as well as the occurrence of certain borrower circumstances deemed detrimental to borrower credit worthiness.

The Company measures the amount of any impairment loss as the difference between the carrying value of Loans and the present value of the revised future cash flows following a loss event, which inherently takes into account the expected value of any related security i.e. the underlying properties.

The recoverability of the Loans is dependent on the collections from the borrowers. The Loans are considered fully impaired when the borrower has missed more than three full payments. 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. As the underlying properties are seasoned, the Directors would expect a Forced Sale Discount to be applied to the property value of a Loan on the sale of repossessed collateral. The value of the potential repossessed collateral was based on the indexed property valuation available at 30 September 2024.

The Company does not consider a payment holiday as a loss event automatically but considers the behavioural aspects of these loans in conjunction with other factors to determine whether together they indicate the presence of a loss event.

1 Accounting policies *(continued)*

Impairment

In addition, the Directors consider how appropriate past trends and patterns could impact the Loans and make any adjustments they believe are necessary to reflect the current economic and market related conditions The accuracy of impairment calculations would therefore be affected by unexpected changes to the economic situation, variances between the models used and the actual results, or assumptions which differ from the actual outcomes.

Interest receivable and interest payable and similar expenses

The Company accounts for interest income and expense on an accruals basis. Interest income on financial assets that are classified as loans and interest expense on financial liabilities 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.

Cash at bank

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Included in the Company's cash balances is the Liquidity Reserve Fund amounting to £18,088,000 as at 30 September 2024, and the Credit Reserve Fund amounting to £324,200 at 30 September 2024, which are classified as cash as these are an integral component of the Company's bank accounts.

All withdrawals from the Company's bank accounts are governed by the detailed priority of payments set out in the transaction documents and as such are considered restricted.

In the Statement of Cash Flows, cash and cash equivalents are repayable on demand and form an integral part of the Company's cash management.

Operating expenses

The Company accounts for operating expenses on an accruals basis.

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.

Corporation tax for a securitisation company is calculated by reference to the required cash retained as 'profit' per the underlying transaction documentation.

Critical accounting judgements and key sources of estimation uncertainty

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.

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

1 Accounting policies *(continued)*

Judgements
There are no critical judgements made by the directors during the period.

Key sources of estimation uncertainty
The estimates involved in the Company's accounting policies are considered by the directors to be the most important and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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 an 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. The key assumptions for recoverability relate to estimates of the probability of any account going into default which results in potential loss from the Loans, cash flows from borrowers' accounts, their timing. These key assumptions are based on observed data from historical patterns and are updated as new data becomes available.

The impairment provision as at 30 September 2024 is £9,012,525. The most significant assumptions affecting the impairment provision are as follows:

Collateral Fair Valuation
The fair value of the underlying collateral is determined by using the original valuation on completion of the Mortgage Loan adjusted for a market based housing price index adjusted for estimated forced sale discounts ("FSD") and 3% estimated selling costs. If the collateral value was increased by 10%, the impairment provision would be reduced by £2.2m, while the impairment provision would increase by £3.6m should the collateral value be 10% lower.

2 Interest receivable and similar income

	Period from 7 September 2023 to 30 September 2024 £
Interest on the Loans	36,227,983
Amortisation of day one discount of Loans	1,053,145
Bank interest	922,942
	38,204,070

3 Interest payable and similar charges

	Period from 7 September 2023 to 30 September 2024 £
Interest payable on Notes	20,822,421
Deferred consideration	185,997
Amortisation of issue costs	389,537
Amortisation of net discount on Notes	1,116,296
	22,514,251

Deferred consideration consists of the amounts payable to the certificate holders in accordance with the priority of payments, the right to such payments being represented by the issue of the Residual Certificates to the Seller.

4 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.

5 Operating expenses

	Period from 7 September 2023 to 30 September 2024 £
Servicing fees	400,268
Corporate services fees	32,559
Paying agent fees	1,386
Security trustee fees	4,991
Cash manager fees	3,000
Professional and legal fees	403,200
Audit fees	108,000
Bank charges	922
	954,326

6 Profit before taxation

	Period from 7 September 2023 to 30 September 2024 £
This has been arrived at after charging:	
Auditor’s remuneration – excluding VAT	
Audit of the Company's annual financial statements	90,000
	90,000

During the period, non audit services were provided by the auditor amounting to £83,000, excluding VAT relating to perform certain agreed upon procedures.

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7 Taxation on profit

a) Analysis of the company tax charge in the period	Period from 7 September 2023 to 30 September 2024 £
UK corporation tax charge on the cash profit for the period	313
	313

b) Factors affecting the Company current tax charge for the period:

	Period from 7 September 2023 to 30 September 2024 £
Profit before tax	**4,032,916**
Current tax charge at 25%	1,008,229
Effects of: Accounting profits not taxed in accordance with SI 2006/3296	(1,008,229)
Cash retained profit taxed in accordance with SI 2006/3296	313
	313

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 retained profits of £1,250 on each payment date from the closing date to 30 September 2024, as specified in the documentation governing the Transaction.

8 Loans

	30 September 2024 £
Opening net book value at start of the period	-
Loans at acquisition	1,004,915,265
Repayment during the period	(90,403,053)
Principal losses on Loans	(1,690,052)
Movement in impairment provision	(9,012,525)
	903,809,635
Discount on acquisition	(11,329,797)
	892,479,838
The maturity profile of the Loans were as follows:	
In one year or less	66,699,866
In more than one year	825,779,972
	892,479,838

The Mortgage loan portfolio (Loans) was purchased from the Seller on 29 May 2024.

8 Loans *(continued)*

	30 September 2024
	£
Opening Impairment	**-**
Impairment charge for the period	(9,012,525)
Closing Impairment	**(9,012,525)**
Closing impairment as at 30 September 2024	**(9,012,525)**

As at 30 September 2024 the par value of the loan book is £912,822,160.

9 Debtors

	30 September 2024
	£
Prepayments and accrued income	10,879
Receivable from Seller	4,027,646
Other debtors	539,091
	4,577,616

10 Creditors

	30 September 2024
	£
Amounts falling due within one year:	
Notes	66,699,866
Accrued interest expense on Notes	7,247,123
Accrued expenses	108,000
Corporate tax liability	313
	74,055,302
Amounts falling due after one year:	
Notes	880,586,780
Unamortised issue costs	(4,146,684)
Residual Certificates	1,170,000
	877,610,096

The Company is funded through the issuance of Notes, which are listed on the London Stock Exchange. The Notes have first a Optional Redemption Date available on the IPD falling in May 2028. The Notes have a final maturity date on the interest payment date falling in November 2062. Due to the limited recourse nature of the Notes, the Company is only obliged to make repayments of interest and principal on the Notes to the extent the Company has funds available.

Details of the structure and maturity profile of the Notes is disclosed in note 13 The change in the principal balance reflects the redemption of Notes totalling £947,286,646.

10 Creditors *(continued)*

Notes	Interest rates and initial margin	Opening balance as at 7 September 2023	Issued during the year £	(Discount) /Premium on notes	Principal Repayments £	Accretion of Discount/Premium £	Closing balance as at 30 September 2024 £
Class A	SONIA + 1.00%	-	844,100,000	1,772,610	(63,604,172)	(150,757)	782,117,681
Class B	SONIA + 1.90%	-	60,300,000	1,067,310	-	(90,773)	61,276,537
Class C	SONIA + 2.40%	-	30,100,000	740,460	-	(62,975)	30,777,485
Class D	SONIA + 3.20%	-	20,100,000	416,070	-	(35,386)	20,480,684
Class E	SONIA + 4.50%	-	10,100,000	169,680	-	(14,431)	10,255,249
Class F	SONIA + 6.00%	-	10,000,000	245,000	-	(20,837)	10,224,163
Class Z	N/A	-	48,200,000	(17,536,608)	-	1,491,455	32,154,847
		-	**1,022,900,000**	**(13,125,478)**	**(63,604,172)**	**1,116,296**	**947,286,646**

	Interest rates	Opening balance as at 7 September 2023 £	Issued during the period £	Fair value movement £	Closing Carrying Value £
Certificates					
Residual Certificates	N/A	-	1,170,000	-	1,170,000
		-	**1,170,000**	**-**	**1,170,000**

11 Share capital

	30 September 2024 £
Called up, allotted and issued	
49,999 ordinary share of £1 each: quarter paid	12,500
1 ordinary share of £1: –fully paid	1
	12,501

The Company has one class of ordinary shares which carry no right to fixed income.

12 Profit and Loss account

	30 September 2024 £
Opening balance	-
Profit for the financial period	4,032,603
Closing balance	**4,032,603**

13 Financial instruments

The Company's exposure to risks on its financial instruments and the management of such risks is largely determined from the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented. Following initial set-up, the directors monitor the Company's performance by reviewing 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.

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13 Financial instruments *(continued)*

The table below shows the classification of the financial instruments of the Company at the period end:

30 September 2024	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Total carrying value
	£	£	£	£
Assets:				
Loans	-	892,479,838	-	892,479,838
Cash at bank and in hand	-	58,653,048	-	58,653,048
Other debtors	-	4,577,616	-	4,577,616
	-	**955,710,502**	**-**	**955,710,502**
Liabilities:				
Notes	-	-	947,286,646	947,286,646
Residual Certificates	1,170,000		-	1,170,000
Accruals	-	-	7,355,123	7,355,123
	1,170,000	**-**	**954,641,769**	**955,811,769**

Accruals includes accrued interest payable on the Notes and accrued expenses.

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 purchased the Mortgage Loans in adherence with an asset purchase agreement and stated eligibility criteria therein to ensure respective quality. These criteria are in place to manage the credit risk of the Mortgage Loans that the Company is exposed to.

As at 30 September 2024, there were 1,218 Mortgage Loans in arrears, with a total outstanding balance of £216,311,024. The directors have concluded that an impairment provision of £8,970,437 is required based on the Mortgage Loans which are in arrears. The directors have also concluded that an impairment provision of £42,088 is required base on the Mortgage Loans which are current.

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

	Carrying Value 30 September 2024	Maximum Exposure 30 September 2024
	£	£
Assets:		
Loans	892,479,838	912,822,160
Other debtors	4,577,616	4,577,616
Cash and cash equivalents	58,653,048	58,653,048
	955,710,502	**976,052,824**

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

The credit quality and fair value of collateral for the Loans are summarised as follows:

30 September 2024	Carrying value £	Impairment £	Fair value of collateral £	No. of. Loans	% of Loan balance
Loans					
Current	696,511,136	(42,088)	696,469,048	5958	76.30%
< than 1 month	31,977,225	(32,019)	31,945,206	243	3.51%
From 1 to 2 months	22,956,032	(29,729)	22,926,303	171	2.51%
From 2+ to 3 months	19,948,229	(199,829)	19,748,400	140	2.19%
From 3+	141,429,538	(8,708,860)	132,720,678	664	15.49%
	912,822,160	**(9,012,525)**	**903,809,635**	**7176**	**100%**

The Loans are secured by first charges over residential properties in England, Wales, Scotland and Northern Ireland. The Fair Value of the collateral disclosed above is capped at the outstanding principal balance of the Loan.

Maturity profile

Remaining term in months
The below table summarises the current maturity profile and Loan to Value of the Mortgage loans.

		30 September 2024
		£
Remaining term in months	**No of Loans**	**Gross Loans**
<30	1,377	210,491,589
30-<60	2,309	300,020,050
60-<120	2,950	349,630,097
120-<180	363	35,581,102
180-<240	137	12,653,111
240-<300	34	3,667,705
>=300	6	778,506
	7176	**912,822,160**

Current LTV			**30 September 2024**
			£
	No of Loans	**%**	**Gross Loans**
0-49%	3649	51%	223,102,225
50-69%	1799	25%	347,798,002
70-89%	1206	17%	231,273,025
90-99%	221	3%	42,029,622
Over 100%	301	4%	68,619,286
	7176	**100%**	**912,822,160**

13 Financial instruments *(continued)*
Liquidity risk *(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 on the Notes 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 or principal on the Notes, the Company, under certain conditions and to the extent funds are available, is obliged to draw on the Liquidity Reserve Fund to meet its obligations to the noteholders to cover any shortfall in funds needed for interest payment on Class A and Class B 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 final maturity date being the IPD falling in November 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. If the borrowers repay any amounts due on the Loans earlier than contractually required, any such amount would need to be paid to the noteholders on the next IPD in line with the priority of payments.

The contractual cash flows for the Notes included in the table below are based on the expected cash flows on the Loans. Interest payable on the Notes has been based on Compounded daily SONIA and a margin for all classes of Notes except for Class Z which has a zero coupon rate. The timings of the undiscounted cash flows set out in the table below is dependent on the uncertain timing of cash receipt from the securitised assets and thus the table set out an estimate derived from historic payment trends.

	Carrying Value	**Gross cash flows**	**In less than 1 month**	**After 1 month but within 3 months**	**After 3 months but within 1 year**	**After 1 year but within 5 years**	**After 5 years**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Notes	947,286,646	926,390,659	-	17,251,758	49,448,108	580,628,233	279,062,560
Interest payable on the Notes	7,247,123	299,840,509	-	14,590,474	41,254,854	199,622,546	44,372,635
Residual Certificates	1,170,000	1,170,000	-	-	-	-	1,170,000
Accrued expenses	108,000	108,000	-	108,000	-	-	-
Total as at 30 September 2024	**955,811,769**	**1,227,509,168**	**-**	**31,950,232**	**90,702,962**	**780,250,779**	**324,605,195**

13 Financial instruments *(continued)*

Market risk

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

The Company is exposed to market risk in the form of interest rate risk.

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 is exposed to interest rate risk as some mortgage loans in the Loan balance are subject to fixed interest rates, while the interest expense on the Notes is 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 the Loans and the Notes (its principal assets and liabilities) are largely similar.

As detailed in the transaction documents, there are criteria that need to be met in order for the Company to enter into an interest rate swap agreement. The conditions confirm that an interest rate swap agreement can only be entered into when the fixed rate mortgage loans equate to more than 5% of the principal value outstanding against the whole mortgage pool. As at the period end, and up to the date of signing the financial statements, this condition has not been met, and therefore the Company did not enter into a swap agreement.

Interest on Notes is determined and payable quarterly. As at 30 September 2024 the following rates were applicable:

	30 September 2024	**Interest rates and initial margin**
	£	
Class A	782,117,681	SONIA + 1.00%
Class B	61,276,537	SONIA + 1.90%
Class C	30,777,485	SONIA + 2.40%
Class D	20,480,684	SONIA + 3.20%
Class E	10,255,249	SONIA + 4.50%
Class F	10,224,163	SONIA + 6.00%
Class Z	32,154,847	Zero Coupon
	947,286,646	

14 Net cash outflows from operating activities

	30 September 2024
	£
Profit before Taxation	4,032,916
<u>Adjustment for:</u>	
Interest receivable and similar income	(38,204,070)
Interest payable and similar expenses	22,514,251
Increase in creditors	108,000
Increase in debtors	(4,577,616)
Principal losses on Loans	1,690,052
Impairment on Loans	9,012,525
Net cash flow from operating activities	**(5,423,942)**

15 Controlling party

The entire share capital of the Company is held by Barrow Funding Holdings Limited, which is the immediate and ultimate parent company. CSC Corporate Services (London) Limited (formerly Intertrust Corporate Services Limited) holds the entire issued share capital of Barrow Funding Holdings Limited on a discretionary trust basis 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.

Copies of the financial statements of Barrow Funding Holdings Limited, a company registered in England and Wales, may be obtained from 5 Churchill Place, 10 Floor, London, E14 5HU.

CSC Corporate Services (London) Limited is a wholly owned subsidiary of CSC Management (UK) Limited (Formerly known as Intertrust Management Limited).

16 Related party transactions

During the period fees of £39,103 were paid to CSC Management Services (UK) Limited (formerly Intertrust Management Limited) in respect of corporate services fees provided to the Company. There were corporate service fees of £8,401 prepaid at 30 September 2024 in respect of the services provided by CSC Management Services (UK) Limited (formerly Intertrust Management Limited).

17 Post balance sheet event disclosure

There were no post balance sheet events that requires disclosure or adjustment.

18 Contingencies and Commitments

The Company has no contingencies or commitments to disclose.