

Company Number 15122215

Barrow Funding Plc

Annual report and financial statements
for the year ended 30 September 2025

Barrow Funding Plc

Annual report and financial statements for the year ended 30 September 2025

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Barrow Funding Plc

Company number: 15122215

Company information

Directors

CSC Directors (No.3) Limited
CSC Directors (No.4) Limited
Helena Whitaker

Company secretary and registered office

CSC Corporate Services (London) Limited
10th Floor
5 Churchill Place
London
E14 5HU

Company number

15122215
(England and Wales)

Independent auditor

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

Barrow Funding Plc

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Strategic report for the year ended 30 September 2025

The directors present the strategic report of Barrow Funding Plc (the "Company") for the year ended 30 September 2025.

Principal activities, 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 issued 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"). As at 30 September 2025 the Total Reserve Fund balance is £14,658,355 (2024:£18,412,200).

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 holder of the Residual Certificates in accordance with the priority of payments, the right to such payments being represented by the issue of the Residual Certificates. 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.

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Strategic report for the year ended 30 September 2025 (continued)**Principal activities, business review and future developments (continued)**

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 year 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 is set out on page [20](#) and shows a profit after tax of £880,635 (2024: profit after tax of £4,032,603) for the financial year. The reduction in profit for the financial year is primarily due to the decrease in interest income per month on Loans following the reduction in the base rate of variable interest on Loans and the increase in deferred consideration expense during the year.

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 settled accrue to the holder of the Residual Certificates and are paid on each IPD as deferred consideration.

The result for the year differs from this issuer profit amount due to the increase in impairment provision, effective interest rate adjustments and the increase in principal losses during the year.

As at 30 September 2025, the net asset position is £4,925,739 (2024: net asset position of £4,045,104) as shown in the statement of financial position on page [22](#).

Key performance indicators

The directors obtain a full breakdown of the performance of the Loans on a quarterly basis. The Company's investment in Loans decreased from £892,479,838 at 30 September 2024 to £712,185,613 at 30 September 2025. This is primarily due to the net effect of scheduled repayments, principal losses, impairment provision and amortisation of the discount on the purchase of Loans.

Key performance indicators monitored are:

	30 September 2025	30 September 2024
Carrying value of the Loans	712,185,613	£892,479,838
Carrying value of the Loans with 1-3 months or more in arrears	176,353,427	£184,333,799
Number of the Loans with 1-3 months or more in arrears	961	975

Principal risks and uncertainties

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 in the "Future developments" and "Financial instruments" sections below.

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Strategic report for the year ended 30 September 2025 (*continued*)

Future developments

The directors have no plans to significantly change the activities of the Company and consider that the Company will continue to meet the scheduled repayments due on the Notes for the foreseeable future using the cash generated from the Loans.

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. As of January 2026, the Consumer Price Index (CPI) inflation rate, as reported by the Office for National Statistics (ONS), is 3.4%. Although it has reduced significantly since 2022 and 2023, it is still higher than the government's long-term target of 2.00%. To mitigate the risk of inflationary spikes, the Bank of England has implemented further cuts reducing its base rate to 3.75% as of February 2026.

The increase in employers' National Insurance contributions from April 2025 has raised labour costs for businesses, potentially placing upward pressure on unemployment. Additionally, the UK winter budget communicated in November 2025 included a number of measures that could look to increase pressure on households and businesses in the coming months.

Furthermore, the US administration's decision to impose worldwide tariffs, alongside heightened geopolitical tensions (including conflicts in the Middle East, the Russia-Ukraine war, reported US military actions and threats in Latin America, and policy positions regarding Greenland) could disrupt global supply chains and financial markets, thereby further compounding existing 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 year-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, Scotland, and Northern Ireland, which represents the Company's primary mitigation of credit risk.

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 defaults on the Loans or fraudulent activity. Monitoring of credit risk is undertaken by the Directors in the form of reviewing and monitoring the arrears balances of the Loans' borrowers.

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Strategic report for the year ended 30 September 2025 (*continued*)

Credit risk (*continued*)

As at 30 September 2025 there were 961 underlying Loans in arrears with a carrying value of £176,353,427 (2024: 975 loans with carrying value of £184,333,799). The directors have concluded that an impairment provision of £11,571,182 (2024: £9,012,525) based on the Loans which are in arrears, Loans already defaulted during the year, as well as including a provision for those Loans that are not in arrears.

The credit quality of the Loans is set out under the credit risk section of note [14](#).

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.

If not otherwise redeemed, purchased, or cancelled, the Notes will be redeemed at their outstanding principal amounts on the IPD falling in November 2062. Alternatively, the holder of the majority of the Residual Certificates has the option to redeem the Notes on the IPD falling in May 2028 (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 principal and interest on the Notes to the extent that repayments are received from the Loans or from any security over the Loans being realised.

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 year end, and up to the date of signing these financial statements, this condition has not been met, and therefore the Company did not enter into an interest rate swap agreement.

Currency risk

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

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Strategic report for the year ended 30 September 2025 (*continued*)

Streamlined energy and carbon reporting

The Company is out of scope for Streamlined Energy and Carbon Reporting ("SECR") as it does not meet the relevant numerical thresholds in relation to turnover and number of employees. The Company acknowledges recommendations provided by the Task Force on Climate-related Financial Disclosures ("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:

- a. The Company has no employees;
- b. The Company has appointed various professional third parties to perform certain roles governed by the transaction documents;
- c. 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
- d. 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>

This report was approved by the Board of directors on 27 March 2026 and signed on its behalf by:



Raheel Khan
per pro CSC Directors (No.3) Limited
As Director
27 March 2026

Barrow Funding Plc

Company number: 15122215

Directors' report for the year ended 30 September 2025

The directors present their annual report together with the audited financial statements of the Company for the year ended 30 September 2025.

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 auditor's 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 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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Directors' report for the year ended 30 September 2025 (*continued*)

Going concern (*continued*)

Subsequent to the year end, the Liquidity Reserve Fund amounted to £12,030,559 (16 February 2026) which 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 subsequent to the year end, amounted to £2,627,796 (16 February 2026) 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 during the year and 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 year and up to the latest interest payment date in February 2026.

Given the standing of the credit enhancement as noted above, as well as the overall statement of financial 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 year end 30 September 2025 to the most recent IPD of February 2026. 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 these financial statements and for this reason the directors have adopted the going concern basis in preparing the financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

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 risks 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 year, the Company donated £nil (2024: £nil) to charities. The Company has never made political donations.

Issued share capital

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

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

CSC Directors (No.3) Limited
CSC Directors (No.4) Limited
Helena Whitaker

None of the directors have any beneficial interest in the ordinary share capital of the Company (2024: none).

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Directors' report for the year ended 30 September 2025 (*continued*)

Directors (*continued*)

None of the directors had any interest during the year in any material contract or arrangement with the Company (2024: none).

The directors do not recommend the payment of a dividend (2024: £nil).

Dividends

The directors do not recommend the payment of a dividend for the year (2024: £nil).

Company secretary

CSC Corporate Services (London) Limited served as the company secretary during the year, and subsequently.

Financial risk management

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

Third party indemnities

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

Post balance sheet events

There have been no significant events affecting the Company since end of the reporting period.

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
- a. 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.

Independent auditor

The auditor, Deloitte LLP, have expressed their willingness to continue in office, pursuant to section 489 of the Companies Act 2006, and a resolution for their reappointment will be proposed at the forthcoming annual general meeting.

This report was approved by the Board of directors on 27 March 2026 and signed on its behalf by:



Raheel Khan
per pro CSC Directors (No.3) Limited
As Director
27 March 2026

Barrow Funding Plc

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Statement of directors' responsibilities in respect of the financial statements

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 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, 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 year. In preparing these 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 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.

On behalf of the Board



Raheel Khan
per pro CSC Directors (No.3) Limited
As Director
27 March 2026

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 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the statement of cash flows; and
- the related notes 1 to 19.

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 year was: • Loan loss provisioning. The risk level is consistent with the prior year.
Materiality	The materiality that we used in the current year was £7.3m 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.
Significant changes in our approach	There were no significant changes in our approach in the current year

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 matter

The key audit matter communicated below is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year and includes the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. This matter had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

This matter was 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 this matter.

5.1. Loan loss provisioning

Key audit matter description	The company’s mortgage asset balance (the ‘Loans’) is secured by first charges over residential properties in the United Kingdom. Its net value at 30 September 2025 was £712.2m (2024: £892.5m), after an impairment of £11.6m (2024: £9.0m) and an unamortised discount, as disclosed in note 8. 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 there are estimates involved, we identified this as a potential area susceptible to fraud and as a key audit matter. The key assumption within the Loan impairment model is the indexed collateral value, which is also considered the key source of estimation uncertainty. 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 Loans balance is disclosed in Note 8.
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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 relevant controls over the company’s loan loss provisioning process; • reviewed and evaluated management’s methodology for compliance with the requirements of IAS 39; • assessed the reasonableness of the collateral valuation for a sample of the residential properties against prices from available public data sources; • 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 outstanding loan to assess whether
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- it represented an impairment trigger;
- for a sample of residential properties sold in the year, tested the historical accuracy of the prior period impairment model by comparing the indexed market value previously used to the actual cashflows achieved during the year;
- 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	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 2025 and the related disclosures are appropriate.
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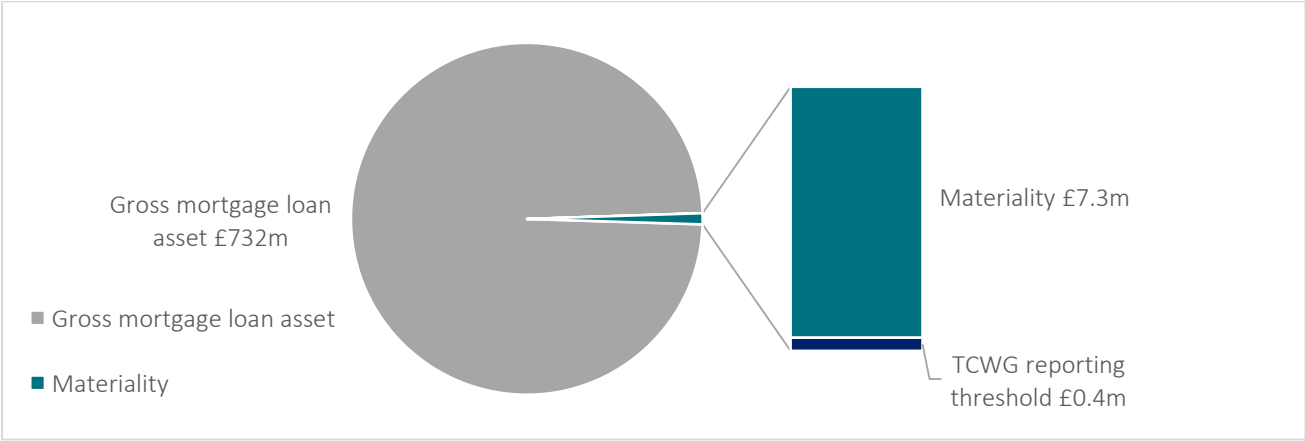
6. Our application of materiality

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	£7.3m (2024: £9.1m)
Basis for determining materiality	1% of the gross mortgage loan asset (2024: 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 65% of materiality for the 2025 audit (2024: 70%). In determining performance materiality, we considered the following factors:

- a. our risk assessment, including our assessment of the company's overall control environment;
- b. our understanding of the business processes and the nature of the company's operations as a special purpose vehicle; and
- c. the nature, volume and size of corrected and uncorrected misstatements identified in the prior year.

6.3 Error reporting threshold

We agreed with those charged with governance that we would report to them all audit differences in excess of £0.4m (2024: £0.5m) 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 weaknesses in the financial reporting control environment which we reported to those charged with governance.

8. Other information

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

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

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

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

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

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;

- 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 was 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 as applicable to debt listed entities.

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 matter 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 two years, covering the periods ending 30 September 2024 to 30 September 2025.

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).

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

27 March 2026

Barrow Funding Plc

Company number: 15122215

Statement of comprehensive income for the year ended 30 September 2025

		Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	Note	£	£
Interest receivable and similar income	2	61,435,015	38,204,070
Interest payable and similar expenses	3	<u>(52,740,151)</u>	<u>(22,514,251)</u>
Net interest income		8,694,864	15,689,819
Other Operating expenses	5	(2,069,594)	(954,326)
Principal losses on Loans	8	(3,184,727)	(1,690,052)
Movement in impairment provision	8	<u>(2,558,658)</u>	<u>(9,012,525)</u>
Profit before taxation	6	881,885	4,032,916
Tax on profit	7	<u>(1,250)</u>	<u>(313)</u>
Profit for the financial year/period		880,635	4,032,603
Total other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive income for the financial year / period		880,635	4,032,603

All amounts relate to continuing activities.

The accompanying notes on pages [24](#) to [42](#) are an integral part of these financial statements.

Barrow Funding Plc

Company number: 15122215

Statement of changes in equity for the year ended 30 September 2025

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance as at 7 September 2023 (date of incorporation)	—	—	—
Issue of share capital	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
 Total comprehensive income for the financial year	 —	 880,635	 880,635
Balance as at 30 September 2025	12,501	4,913,238	4,925,739

The accompanying notes on pages [24](#) to [42](#) are an integral part of these financial statements.

Barrow Funding Plc

Company number: 15122215

Statement of financial position as at 30 September 2025

		30 September 2025	30 September 2024
	Note	£	£
Non-current assets			
Loans	8	500,103,552	825,779,972
Current assets			
Loans	8	212,082,061	66,699,866
Debtors	10	1,368,418	4,577,616
Cash at bank and in hand	9	52,877,186	58,653,048
		<u>266,327,665</u>	<u>129,930,530</u>
Current liabilities	11	<u>(216,825,371)</u>	<u>(74,055,302)</u>
Net current assets		49,502,294	55,875,228
Total assets less current liabilities		549,605,846	881,655,200
Non-current liabilities	11	<u>(544,680,107)</u>	<u>(877,610,096)</u>
Net assets		4,925,739	4,045,104
Capital and reserves			
Called up share capital	12	12,501	12,501
Profit and loss account	13	4,913,238	4,032,603
Total shareholders' funds		4,925,739	4,045,104

The accompanying notes on pages [24](#) to [42](#) are an integral part of these financial statements.

The financial statements on pages [20](#) to [42](#) were approved and authorised for issue by the Board on 27 March 2026, and were signed on its behalf by:



Raheel Khan
per pro CSC Directors (No.3) Limited
As Director
27 March 2026

Barrow Funding Plc

Company number: 15122215

Statement of cash flows for the year ended 30 September 2025

		Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	Note	£	£
Cash flow from operating activities			
Net cash inflow/outflow from operating activities	15	1,088,014	(5,423,942)
Bank interest received		2,399,850	922,942
Tax paid		(313)	—
Net cash generated from/used in operating activities		3,487,551	(4,501,000)
Cash flow from investing activities			
Acquisition of the Loans		—	(991,362,324)
Redemption of Loans		187,537,130	90,403,053
Interest received on Loans		46,048,875	36,227,985
Net cash generated from/used in investing activities		233,586,005	(864,731,286)
Cash flow from financing activities			
Proceeds from issuance of Notes		—	1,009,774,522
Redemption of Notes		(193,330,248)	(63,604,172)
Interest paid on Notes		(49,519,170)	(13,575,299)
Issue of ordinary share capital		—	12,501
Issue costs paid		—	(4,536,221)
Deferred consideration paid		—	(185,997)
Net cash used in/generated from financing activities		(242,849,418)	927,885,334
Net decrease/increase in cash in the year/period		(5,775,862)	58,653,048
Cash at bank and in hand at the start of the year/period		58,653,048	—
Cash at bank and in hand at the end of the year/period		52,877,186	58,653,048

The accompanying notes on pages [24](#) to [42](#) are an integral part of these financial statements.

Barrow Funding Plc

Company number: 15122215

Notes to the financial statements for the year ended 30 September 2025

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 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 year 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.

These financial statements are prepared for the 12 months ended 30 September 2025 whereas the prior period financial statements are prepared for the period from 7 September 2023 to 30 September 2024.

Presentation of the statement of comprehensive income

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.

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.

Barrow Funding Plc

Company number: 15122215

Notes to the financial statements for the year ended 30 September 2025 (*continued*)

1. Accounting policies (*continued*)

Going concern (*continued*)

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.

Subsequent to the year end, the Liquidity Reserve Fund amounted to £12,030,559 (16 February 2026) which 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 subsequent to the year end, amounted to £2,627,796 (16 February 2026) 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 during the year and 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 year and up to the latest interest payment date in February 2026.

Given the standing of the credit enhancement as noted above, as well as the overall Statement of financial 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.

Accordingly, the financial statements have been prepared on a going concern basis.

Segmental analysis

The Company's operations are carried out in the United Kingdom, and its results and net assets are derived from 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 after measurement, 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.

Barrow Funding Plc

Company number: 15122215

Notes to the financial statements for the year ended 30 September 2025 (*continued*)

1. Accounting policies (*continued*)

Loans (*continued*)

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.

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 repossessed collateral. The value of the potential repossessed collateral was based on the indexed property valuation available at 30 September 2025.

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.

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.

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.

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.

Barrow Funding Plc

Company number: 15122215

Notes to the financial statements for the year ended 30 September 2025 (*continued*)

1. Accounting policies (*continued*)

Cash at bank (*continued*)

Included in the Company's cash balances is the Liquidity Reserve Fund amounting to £12,030,559 as at 30 September 2025 (2024: £18,088,000), and the Credit Reserve Fund amounting to £2,627,796 at 30 September 2025 (2024: £324,200), 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.

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.

Interest receivable and similar income 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.

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 judgement and Key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, 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 judgements regarding carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions 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 it affects both current and future years.

The judgements 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 risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

There are no critical judgements made by the directors during the year.

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:

Barrow Funding Plc

Company number: 15122215

Notes to the financial statements for the year ended 30 September 2025 (continued)**1. Accounting policies (continued)****Critical accounting judgement and Key sources of estimation uncertainty (continued)****Key sources of estimation uncertainty (continued)*****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 2025 is £11,571,183 (2024: £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 most recent valuation available 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 £3.5million (2024: £2.2million), while the impairment provision would increase by £5.5million (2024: 3.6million) should the collateral value be 10% lower.

2. Interest receivable and similar income

	Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	£	£
Interest receivable on Loans	55,943,676	36,227,983
Interest received on bank balances	2,399,850	922,942
Amortisation of day one discount on Notes	3,091,489	1,053,145
	<u>61,435,015</u>	<u>38,204,070</u>

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Notes to the financial statements for the year ended 30 September 2025 (continued)**3. Interest payable and similar expenses**

	Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	£	£
Interest expense on Notes	46,957,698	20,822,421
Amortisation of discount on Notes	2,393,072	1,116,296
Amortisation of issue costs	1,143,479	389,537
Deferred consideration	2,245,902	185,997
	<u>52,740,151</u>	<u>22,514,251</u>

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 (2024: nil) and services required are contracted from third parties. The directors received no remuneration from the Company in respect of qualifying services rendered during the year (2024: £nil).

5. Operating expenses

	Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	£	£
Audit fees	120,120	108,000
Account bank fees	22,138	–
Back-up servicer fees	957	1,386
Bank charges	5,192	922
Cash manager fees	12,000	3,000
Corporate service provider fees	82,722	32,559
Legal fees	(170,000)	403,200
Listing fees	578	–
Note trustee fees	3,443	4,991
Servicing fees	1,992,444	400,268
	<u>2,069,594</u>	<u>954,326</u>

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Notes to the financial statements for the year ended 30 September 2025 (continued)**6. Profit before taxation**

	Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	£	£
Auditor remuneration -		
Audit of the Company's annual financial statements (excluding VAT)	89,000	90,000
	89,000	90,000

There were no non-audit services provided during the year (2024: £83,000 excluding VAT to perform certain agreed upon procedures).

7. Taxation on profit

	Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	£	£
a) Analysis of the company charge in the year/period		
UK corporation tax charge on the profit for the year/period at an effective rate of 25.00% (2024: 25.00%)	1,250	313
	1,250	313
b) Factors affecting the company tax charge for the year/period		
Profit before taxation	881,885	4,032,916
Current tax at an effective rate of 25.00% (2024: 25.00%)	220,471	1,008,229
Effects of:		
Accounting profits not taxed in accordance with SI 2006/3296	(220,471)	(1,008,229)
Retained profit taxed in accordance with SI 2006/3296	1,250	313
Total tax charge	1,250	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, as specified in the documentation governing the Transaction.

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Notes to the financial statements for the year ended 30 September 2025 (continued)**8. Loans**

The Loans are secured by first charges over residential properties in the United Kingdom.

The Mortgage Loan Portfolio (Loans) was purchased from the Seller on 29 May 2024.

	30 September 2025	30 September 2024
	£	£
Opening net book value at start of year	892,479,838	-
Loans at acquisition	-	1,004,915,265
Repayment during the year	(187,537,130)	(90,403,053)
Movement in interest receivable	9,894,801	-
Movement in impairment provision	(2,558,658)	(9,012,525)
Principal losses on Loans	(3,184,727)	(1,690,052)
Closing balance	<u>709,094,124</u>	<u>903,809,635</u>
Accretion of discount on Loans at acquisition	3,091,489	(11,329,797)
	<u>712,185,613</u>	<u>892,479,838</u>
Movement in impairment provisions included above:		
Opening impairment provision	9,012,525	-
Impairment charge	2,558,658	9,012,525
Closing impairment provision	<u>11,571,183</u>	<u>9,012,525</u>
The maturity profile of the Loans was as follows:		
In one year or less	212,082,061	66,699,866
In more than one year	500,103,552	825,779,972
	<u>712,185,613</u>	<u>892,479,838</u>

As at 30 September 2025 the par value of the loan book is £731,995,103 (2024: 912,822,160).

9. Cash at bank and in hand

	30 September 2025	30 September 2024
	£	£
Cash at bank	52,877,186	58,653,048
	<u>52,877,186</u>	<u>58,653,048</u>

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Notes to the financial statements for the year ended 30 September 2025 (continued)**10. Debtors**

	30 September 2025	30 September 2024
	£	£
Amounts falling due within one year		
Prepayments and accrued income	7,782	10,879
Receivable from Seller	1,360,636	4,027,646
Other debtors	–	539,091
	<u>1,368,418</u>	<u>4,577,616</u>

11. Creditors

	30 September 2025	30 September 2024
	£	£
Amounts falling due within one year		
Notes	212,082,061	66,699,866
Accrued interest expense on Notes	4,685,649	7,247,123
Accrued expenses	56,411	108,000
Corporate tax liability	1,250	313
	<u>216,825,371</u>	<u>74,055,302</u>
Amounts falling due after more than one year		
Notes	544,267,410	880,586,780
Residual Certificates	3,415,902	1,170,000
Unamortised issue costs	(3,003,205)	(4,146,684)
	<u>544,680,107</u>	<u>877,610,096</u>

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 14. The change in the principal balance reflects the redemption of Notes. As at 30 September 2025, the outstanding Notes balance is £756,349,471 (2024: £947,286,646).

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Notes to the financial statements for the year ended 30 September 2025 (continued)**11. Creditors (continued)****30 September 2025**

Notes	Interest rates	Opening Note balance as at 1 October 2024 £	Issued during the year £	Principal Repayments £	Accretion of Discount/ Premium £	Closing balance as at 30 September 2025 £
Class A	SONIA + 1.00%	782,117,681	–	(193,330,248)	(701,683)	588,085,750
Class B	SONIA + 1.90%	61,276,537	–	–	(267,989)	61,008,548
Class C	SONIA + 2.40%	30,777,485	–	–	(186,336)	30,591,149
Class D	SONIA + 3.20%	20,480,684	–	–	(104,572)	20,376,112
Class E	SONIA + 4.50%	10,255,249	–	–	(42,592)	10,212,657
Class F	SONIA + 6.00%	10,224,163	–	–	(61,652)	10,162,511
Class Z	N/A	32,154,847	–	–	3,757,897	35,912,744
		947,286,646	–	(193,330,248)	2,393,073	756,349,471

Certificates	Interest rates	Opening balance as at 1 October 2024 £	Issued during the year £	Principal Repayments £	Fair Value Movement £	Closing balance as at 30 September 2025 £
Residual Certificates	N/A	1,170,000	–	–	2,245,902	3,415,902
		1,170,000	–	–	2,245,902	3,415,902

30 September 2024

Notes	Interest rates	Opening balance as at 7 September 2023 £	Issued during the period £	(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

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Notes to the financial statements for the year ended 30 September 2025 (continued)**11. Creditors (continued)**

Certificates	Interest rates	Opening balance as at 7 September 2023	Issued during the period	Principal Repayments	Fair Value Movement	Closing balance as at 31 September 2024
		£		£	£	£
Residual Certificates	N/A		1,170,000			1,170,000
		-	1,170,000	-	-	1,170,000

12. Called up share capital

	30 September 2025	30 September 2024
	£	£
<i>Called up, allotted and issued</i>		
49,999 ordinary shares of £1 each - quarter paid	12,500	12,500
1 ordinary share of £1 - fully paid	1	1
	12,501	12,501

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

13. Profit and loss account

	30 September 2025	30 September 2024
	£	£
Opening balance	4,032,603	—
Profit for the financial year/period	880,635	4,032,603
Closing balance	4,913,238	4,032,603

14. Financial instruments

The Company's exposure to risks on its financial instruments and the management of such risks are 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. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the transaction, and is required by the rating agencies to establish appropriate rating levels for the Notes. Following the initial set-up, the directors monitor the Company's performance, reviewing reports on the performance of the Loans. Such reviews are designed to ensure that the terms of the transaction documentation have been met, that no unforeseen risks have arisen, and that the noteholders have been paid on a timely basis.

Barrow Funding Plc

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Notes to the financial statements for the year ended 30 September 2025 (continued)**14. Financial instruments (continued)**

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

30 September 2025

	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised costs	Total carrying value
	£	£	£	£
Assets:				
Loans	—	712,185,613	—	712,185,613
Cash at bank	—	52,877,186	—	52,877,186
Other debtors	—	1,368,418	—	1,368,418
	—	766,431,217	—	766,431,217
Liabilities:				
Notes	—	—	756,349,471	756,349,471
Residual Certificates	3,415,902	—	—	3,415,902
Accruals	—	—	4,742,060	4,742,060
	3,415,902	—	761,091,531	764,507,433

30 September 2024

	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised costs	Total carrying value
	£	£	£	£
Assets:				
Loans	—	892,479,838	—	892,479,838
Cash at bank	—	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

Barrow Funding Plc

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Notes to the financial statements for the year ended 30 September 2025 (continued)**14. Financial instruments (continued)****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, of which the Mortgage Loans adhered to on origination, therein to ensure respective quality.

As at 30 September 2025 there were 961 underlying Loans in arrears with a carrying value of £176,353,427 (2024: 975 loans with carrying value of £184,333,799). The directors have concluded that an impairment provision of £11,571,182 (2024: £9,012,525) based on the Loans which are in arrears, Loans already defaulted during the year, as well as including a provision for those Loans that not in arrears.

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 2025 £	Maximum exposure 2025 £	Carrying value 2024 £	Maximum exposure 2024 £
Assets:				
Loans	712,185,613	731,995,103	892,479,838	912,822,160
Cash at bank and in hand	52,877,186	52,877,186	58,653,048	58,653,048
Debtors (excluding prepayments)	1,360,636	1,360,636	4,577,616	4,577,616
	766,423,435	786,232,925	955,710,502	976,052,824

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

30 September 2025

Loans	Carrying value £	Impairment £	Fair value of collateral £	No. of Loans £	% of Loan balance %
Current	555,641,676	(727,584)	554,914,092	4,952	84
From 1 to 2 months	11,268,705	(137,535)	11,131,170	108	2
From 2 to 3 months	9,540,062	(6,682)	9,533,380	69	1
From 3+ months	155,544,660	(10,699,381)	144,845,279	784	13
	731,995,103	(11,571,182)	720,423,921	5,913	100

Barrow Funding Plc

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Notes to the financial statements for the year ended 30 September 2025 (continued)**14. Financial instruments (continued)****Credit risk (continued)****30 September 2024**

Loans	Carrying value	Impairment	Fair value of collateral	No. of Loans	% of Loan balance
	£	£	£	£	%
Current	728,488,361	(74,107)	728,414,254	6201	80
From 1 to 2 months	22,956,032	(29,729)	22,926,303	171	3
From 2 to 3 months	19,948,229	(199,829)	19,748,400	140	2
From 3+ months	141,429,538	(8,708,860)	132,720,678	664	15
	912,822,160	(9,012,525)	903,809,635	7,176	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

The below table summarises the current maturity profile and Loan to Value of the Mortgage Loans.

Remaining term in months

	30 September 2025	30 September 2025	30 September 2024	30 September 2024
	No. of Loans	Gross Loans	No. of Loans	Gross Loans
<30	4,952	555,641,676	1,377	210,491,589
30-<60	89	9,204,296	2,309	300,020,050
60-<120	109	14,194,318	2,950	349,630,097
120-<180	83	10,431,576	363	35,581,102
180-<240	72	11,248,413	137	12,653,111
240-<300	40	5,960,914	34	3,667,705
>=300	568	125,313,910	6	778,506
	5,913	731,995,103	7,176	912,822,160

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Notes to the financial statements for the year ended 30 September 2025 (continued)**14. Financial instruments (continued)****Credit risk (continued)****Current LTV****30 September 2025**

	No. of Loans	%	Gross Loans £
0-49%	4,786	81	500,161,850
50-69%	957	15	181,923,186
70-89%	104	2	26,435,344
90-99%	31	1	9,691,679
Over 100%	35	1	13,783,044
	5,913	100	731,995,103

30 September 2024

	No. of Loans	%	Gross Loans £
0-49%	3,649	51	223,102,225
50-69%	1,799	25	347,798,002
70-89%	1,206	17	231,273,025
90-99%	221	3	42,029,622
Over 100%	301	4	68,619,286
	7,176	100	912,822,160

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 year 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 an interest rate swap agreement.

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Notes to the financial statements for the year ended 30 September 2025 (*continued*)

14. Financial instruments (*continued*)

Interest rate risk (*continued*)

Interest on Notes is determined and payable quarterly. The following rates were applicable:

	30 September 2025	30 September 2024	Interest rate
	£	£	
Class A	588,085,750	782,117,681	SONIA + 1.00%
Class B	61,008,548	61,276,537	SONIA + 1.90%
Class C	30,591,149	30,777,485	SONIA + 2.40%
Class D	20,376,112	20,480,684	SONIA + 3.20%
Class E	10,212,657	10,255,249	SONIA + 4.50%
Class F	10,162,511	10,224,163	SONIA + 6.00%
Class Z	35,912,744	32,154,847	Zero Coupon
Total principal outstanding on Notes	756,349,471	947,286,646	

Currency profile

All of the Company's financial assets and liabilities are denominated in pound sterling ("GBP").

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.

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:

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Notes to the financial statements for the year ended 30 September 2025 (continued)**14. Financial instruments (continued)****Liquidity risk (continued)**

As at 30 September 2025	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	756,349,471	765,965,580	—	108,757,892	103,324,169	553,883,519	—
Interest payable on Notes	60,300,000	104,679,552	—	9,507,145	23,045,487	72,126,920	—
Residual Certificates	3,415,902	3,415,902	—	—	—	3,415,902	—
Accrued expenses	56,411	56,411	—	56,411	—	—	—
Total as at 30 September 2025	820,121,784	874,117,445	—	118,321,448	126,369,656	629,426,341	—

As at 30 September 2024	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 Notes	7,247,123	299,840,509	—	14,590,474	41,254,854	199,622,546	44,372,635
Deferred consideration	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

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Notes to the financial statements for the year ended 31 July 2025 (continued)**14. Financial instruments (continued)****Fair Value of financial instrument**

The Company does not trade in financial instruments and therefore does not intend to dispose of the financial instruments until the Notes are redeemed at either their first optional redemption date or the final maturity date

Financial Reporting Standard 102 in relation to the nature of the financial instruments that are measured in the statement of financial position at fair value requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For the year ended 30 September 2025, the Residual Certificates were measured at fair value using a discounted cash flow model. As the valuation relies on unobservable inputs, these fall within Level 3 of the fair value hierarchy.

Financial liabilities measured at fair value based on level 3:

	Year ended 30 September 2025	Period from 7 September 2023 to 30 September 2024
	£	£
Opening balance	1,170,000	—
Issued during the year/period	—	1,170,000
Non cash movements:		
Fair value movement on the Certificates	2,245,902	—
Closing balance	3,415,902	1,170,000

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Notes to the financial statements for the year ended 30 September 2025 (continued)**15. Net cash outflows from operating activities**

	Year ended 30 September 2025	Period from 7 September 2023 to ended 30 September 2024
	£	£
Profit before taxation	881,885	4,032,916
Interest receivable and similar income	(61,435,015)	(38,204,070)
Interest payable and similar expense	52,740,151	22,514,251
(Decrease)/Increase in creditors	(51,589)	108,000
Increase/(Decrease) in debtors	3,209,197	(4,577,616)
Principal losses on Loans	3,184,727	1,690,052
Impairment on Loans	2,558,658	9,012,525
Net cash inflow/outflow from operating activities	<u>1,088,014</u>	<u>(5,423,942)</u>

16. 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).

17. Related party transactions

During the year, fees of £74,321 (2024: £39,103) was due to CSC Management Services (UK) Limited in respect of corporate services provided to the Company, including the provision of directors, of which £56,411 (2024: £nil) were accrued and £nil (2024: £8,401) were prepaid.

18. Post balance sheet events

There have been no significant events affecting the Company since the end of the reporting year.

19. Contingencies and Commitments

The Company has no contingencies or commitments to disclose (2024: £nil).