Registered number: 15075707

GEMGARTO 2023-1 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 AUGUST 2023 (DATE OF INCORPORATION) TO 31 DECEMBER 2023

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COMPANY INFORMATION

Directors (Current)	Debra Amy Parsall CSC Directors (No.1) Limited CSC Directors (No.2) Limited
Company secretary	CSC Corporate Services (UK) Limited
Registered number	15075707 (England and Wales)
Registered office	10th Floor 5 Churchill Place London United Kingdom E14 5HU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London United Kingdom SE1 2RT

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2023

Introduction

The directors present the first Strategic Report on Gemgarto 2023-1 PLC (the "Company") for the period from 16 August 2023 (date of incorporation) to 31 December 2023.

Incorporation, principal activities, business review

The Company, a public company with limited liability, was incorporated as a special purpose vehicle on 16 August 2023 in the United Kingdom and registered in England and Wales under the Companies Act 2006. On 13 December 2023 (the "Closing Date"), the Company acquired a portfolio of UK residential mortgage loans (the "Mortgage Loans") from Kensington Mortgage Company Limited (the "Seller"). Whilst the Mortgage Loans were originated by Kensington Mortgage Company Limited, an equitable interest in the Mortgage Loans and their Related Security had previously been sold to Barclays Bank UK plc (the parent company of Kensington Mortgage Company Limited) and therefore the Seller reacquired the Mortgage Loans prior to selling them to the Company. All Mortgage Loans were originated between 2019 and 2023 (with most being originated in 2022). The Mortgage Loans are secured by residential properties located in England and Wales & Scotland. Kensington Mortgage Company Limited is the servicer of the Mortgage Loans (the "Servicer"). At the end of initial teaser period, the seller, at its sole discretion, may or may not choose to offer the borrower a product switch. If it does, then it is required to repurchase the modified loan within a stipulated number of days of the product switch completing.

The Company is funded through the issuance of Class A, B, C, D, E, F, G, and Z Notes (together the "Notes") and Class S1, Class S2 and Class Y certificates (together the "Certificates"). The general reserve fund is set at an amount equal to 1% of the collateralised mortgage backed securities (Class A to G) and proceeds of class Z notes is used to finance this. The Notes are listed on the London Stock Exchange. The Notes have a step up date on the interest payment date ("IPD") falling in March 2027 and a final maturity date due in December 2073.

The Class S1 and Class S2 certificates are the mechanism by which Senior Deferred Consideration is paid and the Class Y certificates are the mechanism by which Residual Deferred Consideration is paid. The proceeds of the Notes totalled £551,955,946 and was used to fund the initial consideration for the purchase of the Mortgage Loans, to pay the Upfront Swap Payment to the Interest Rate Swap Counterparty, to pay certain fees and expenses of the Company incurred in connection with the issue of the Notes and to establish the General Reserve Fund.

The purchase price of the Mortgage Loans consists of the initial consideration of £537,783,946, plus residual deferred consideration, which was estimated on day 1 to be £41,922,532 and senior deferred consideration which are represented by the issue of Class S1& S2 certificates with a day 1 fair value of £1,262, 228. The residual deferred consideration is the amounts payable each interest payment date in accordance with the priority of payments. The right to such payments are represented by the issue of the Class Y Certificates to the Seller at nil value, in accordance with the sale agreement.

Following the Closing Date, the Seller transferred 100% of the Certificates to Barclays Bank PLC, in its role as Sponsor Administrator and Retention Holder. Barclays Bank PLC then transferred 95% of the Class Y Certificates to one or more third party investors. The directors of the Seller therefore concluded that the Seller substantially transferred the risks and rewards of ownership of the Mortgage Loans to the Company as a result of the transaction. Accordingly, in the Seller's financial statements, the transfer of the ownership of the beneficial interest in the Mortgage Loans resulted in their derecognition. The directors of the Company have concluded that it is appropriate to account for the beneficial interest acquired in the Mortgage Loans by recognising the Mortgage Loans on the Company's balance sheet. The day 1 value of the Mortgage Loans represented the initial consideration paid to the Seller to acquire the beneficial interest, along with the directors estimate of fair value of the deferred consideration that would be payable.

At the end of the financial period, the closing balance of the Mortgage Loans purchased by the Company from the Seller amounted to £554,631,695. Repayments during the financial period amounted to £24,407,345. The Mortgage Loans were purchased at a premium of £32,743,937.

Future developments (continued)

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

The UK has been exposed to significant economic uncertainty in recent years. The Consumer Price Index (CPI) measure of inflation was at 4% in UK in the year ended December 2023 as per the Office for National Statistics (ONS). While this is a significant decrease compared to 10.5% in the year ended December 2022, this rate still sits well above the government's long-term target of 2%. In June 2024 the inflation rate is 2%. The reason inflation continues to remain higher than target is due to several economic conditions such as elevated energy and food prices – triggered in large part by the ongoing Russia-Ukraine war, combined with high interest rates – with Bank of England base rate at 5.25% from August 2023, a tight labour market featuring accelerating wage rises, and ongoing global supply chain bottlenecks. Although the influence played by these elements have either begun to level off or fall, other factors such as increased geopolitical tensions in the Middle East and along the vital Red Sea shipping route are threatening to send the oil prices higher, adding to inflationary pressures.

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company – for example a detrimental effect on the UK economy may ultimately impact the borrowers' ability to repay the Mortgage Loans.

In the worst-case scenario the Notes are a limited recourse obligation of the Company, therefore payments on them are limited to the application of receipts from the Mortgage Loans and the Company is not ultimately exposed if the borrowers are unable to repay.

The Directors will continue to monitor the effect these macroeconomic factors have on borrowers' ability to service their Mortgage Loans and on UK property prices, and therefore the performance of the Company.

Results and dividends

The loss for the period, after taxation, amounted to £3,164,803 which is mainly driven by the fair value adjustment and the impairment of portfolio for the period. The Directors do not recommend the payment of a dividend for the period.

Streamlined Energy and Carbon Reporting

The Company is out of the scope of the Streamlined Energy and Carbon Reporting (SECR), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Financial key performance indicators

Given the nature of the Company's activities, the directors consider the performance of the Mortgage Loans portfolio to be the key performance indicator for the Company and the related borrowing under the Notes. The balance of the Mortgage Loans was £554,631,695 as at the period end and £883,776 impairment provisions were recognised against the Mortgage Loans. The outstanding balance on the issued Notes is £551,974,189 at the period end. The issued Notes are limited recourse in nature and repayable to the extent that there are funds available from the principal receipts on the Mortgage Loans.

A change in the credit rating assigned to the Company's Notes is also considered to be an indicator of the performance of the Company. The credit rating was first assigned at the time of issue and is then monitored and reviewed by the Credit Rating Agencies and reflects the likelihood of full and timely payment to the note holders of interest and principal receipts when due. There have been no downgrades in the credit ratings since their issuance and up until the point of signing these financial statements.

Financial key performance indicators (continued)

There were 29 loans with arrears of 1-3 months amounting to £4,995,204 and 13 loans with more than 3 months in arrears amounting to £1,831,146 as at the financial period end. Based on the April 2024 Investor report, the arrears profile of loan has not changed significantly. Please refer to the table disclosed in Note 17 Credit Risk for further details on the Mortgage Loans.

Financial Instruments

The Company's operations are financed primarily by the Notes. The Company issued such financial instruments to finance the acquisition of the Mortgage Loans. It is not the Company's policy to trade in financial instruments. The Servicer administers the Mortgage Loans under a servicer agreement with the Company. In administering the Mortgage Loans, the Servicer applies their own formal risk management and control procedures with respect to the day-to-day management of the portfolio.

Principal risks and uncertainties

Whilst the directors have overall responsibility for the establishment and oversight of the Company's risk management framework, day-to-day responsibilities has been allocated and are managed in accordance with the transaction documents. Further details of financial risk management are outlined in Note 17 of the financial statements.

Impacts of geopolitical tensions and macro-economic factors are also considered as uncertainties. For details, please refer to section "Incorporation, principal activities, business review and future developments". The Company is mainly exposed to credit risk, liquidity risk, market risk and interest rate risk. The principal nature of such risks is summarised below:

Credit Risk

Credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due. The Company considered the Originator's assessment of the borrowers expected ability to service the Mortgage Loans according to their contractual terms, deeming this to be a primary factor in assessing the credit risk of the Mortgage Loans and making the decision to lend at the inception of each Mortgage Loan. However, given the time which has elapsed since origination, the directors consider the assessment of credit risk at origination to now be less important than the recent performance of the Mortgage Loans. Accordingly, the directors monitor performance of the Mortgage Loans or any deviation from expected terms or missed payments.

Credit risk is minimised by the fact that the collateral underlying the Mortgage Loans is deemed to be good quality and provide a steady cash flow for the Company to discharge all liabilities. Credit risk is monitored and managed on a regular basis through the review of publicly available quarterly investor reports (the "Investor reports") prepared by the cash manager and monthly servicer reports (the "Servicer reports") prepared by the Servicer. These are reviewed in detail by senior management. The Company assesses the recoverability of its assets at each balance sheet date and makes an allowance for impairment losses.

Liquidity Risk

Liquidity risk is defined as the risk of being unable to fulfil current or future payment obligations in full on the due date. The objective of the Company's liquidity risk management is to ensure that sufficient funds are available to meet the Company's commitments. Liquidity risk is minimised by the fact that repayments are made on the issued Notes only to the extent that funds are available on the basis of limited recourse and payments are only due on the Certificates to the extent that funds are available to make payment. The Company can also use the general reserve fund to manage any remaining liquidity risk. The general reserve fund includes proceeds initially funded from the proceeds of the issuance of the Notes and the Certificates and thereafter available revenue receipts are applied to top up the general reserve to the general reserve target (if required) in accordance with the Pre-Enforcement Revenue Priority of Payments.

Liquidity Risk (continued)

The Notes are subject to mandatory redemption in part on each IPD at an amount equal to the principal received or recovered in respect of the Mortgage Loans. If not otherwise redeemed or purchased and cancelled, the Notes are expected to be redeemed or refinanced at their principal amounts outstanding on the IPD falling in March 2027 (the Optional Redemption Date). Ultimately, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make payments of interest and principal on the Notes to the extent that repayments are received from the Loans or from any security over the Mortgage Loans being realised. However, it is to be noted that failure to pay interest on the most senior class of the Notes will constitute an event of default.

Market Risk

Market risk refers to the potential loss arising from changes in interest rates which is covered below. The Company is not exposed to currency risk as all its financial instruments are denominated in British pound sterling (GBP) (£). The Company is exposed to market risk in the form of movements in the fair value of the interest rate swap which the Company has entered into.

Interest Rate Risk

Interest rate risk exists where interest rates on assets and liabilities are set on different bases or reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company uses derivative financial instruments to mitigate any residual interest rate risk. At the period, end the Company was party to an interest swap with Barclays Bank PLC to hedge against interest rate risk arising from the resetting of interest rates of assets and liabilities on different bases.

Capital risk 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 the minimum requirement.

Directors' statement of compliance with Section 172(1) of the Companies Act 2006

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

(a) 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 as disclosed in Note 1 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;

(b) the Company has no employees;

(c) the Company is a securitisation vehicle and therefore key stakeholders are the noteholders and the certificate holders. The transaction documents determine the nature and quality of assets that can be securitised and how the cash flows from securitised assets are distributed. Relationships are also fostered with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers, other than the underlying borrowers;

(d) as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;

(e) the Company maintains a reputation for high standards of business conduct via professional third parties who have been assigned operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the transaction documents including a priority of payments, if applicable; and

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023

Directors' statement of compliance with Section 172(1) of the Companies Act 2006 (continued)

(f) the Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purpose.

This report was approved by the board and signed on its behalf by:

……………………………………
Luis Villar
per pro CSC Directors (No.1) Limited
Director

Date: 28 June 2024

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2023

The directors present their first report and the audited financial statements for the period ended 31 December 2023.

Corporate governance

The directors have been charged with governance in accordance with the underlying transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key activities have been predetermined and the operational roles have been assigned to third parties and are strictly governed by the corresponding transaction documents concerning those roles.

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 in 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 all statutory obligations.

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

Share capital

The issued share capital consists of 49,999 Ordinary Shares of £1 each of which 25% are partly paid and 1 Ordinary Share of £1 fully paid.

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 regulation.

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

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

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

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Results and dividends

The loss for the period, after taxation, amounted to £3,164,803. Under the terms of the securitisation the Company retains £300 (the "Issuer Profit") on each IPD which is credited to the retained profit ledger as described in the transaction documentation. The Issuer profit for the period was £Nil, as there was no IPD during the financial period. Surplus cash flows in excess of this amount, once all other liabilities have been settled, are paid to the Class Y Certificate holders as Residual Deferred Consideration after the redemption of Class Z Notes. Therefore, whilst over the life of the transaction the profit or loss shown in the statement of comprehensive income in any accounting period may differ from this amount, due to effective interest rate (EIR) or other accounting adjustments as well the movement in the fair value of the interest rate swaps, such profits or losses are expected to reverse over the life of the transaction, leaving the Company ultimately with retained earnings equal to the aggregate Issuer profit accruing over the life of the transaction.

The directors do not recommend the payment of a dividend for the period ended 31 December 2023.

Directors' and company shareholdings

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

Debra Amy Parsall (appointed 16 August 2023)
CSC Directors (No.1) Limited (appointed 16 August 2023)
CSC Directors (No.2) Limited (appointed 16 August 2023)

CSC Corporate Services (UK) Limited was appointed company secretary on 16 August 2023 and continued to act as secretary for the financial period ending 31 December 2023. The directors and their immediate relatives did not hold a beneficial interest in the ordinary share capital of the Company. None of the directors had any interest during the period in any material contract or arrangement with the Company.

Directors' interest in contracts

The Company has no employees. CSC Capital Markets UK Limited provides corporate services to the Company at arm’s length commercial rates. CSC Capital Markets UK Limited received fees in the amount of £5,609 for corporate administrative services which includes the provision of directorship services by its employees. The directors provided are not remunerated directly by the Company for their services.

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 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 Certificates and to meet its operating and administrative expenses is dependent principally on the performance of the Mortgage Loans. The Notes and Certificates are a limited recourse obligation of the Company, secured over the Mortgage Loans, and the Company’s ability to pay amounts due on them - being principal, fixed coupon and variable return - are, in substance, limited to the application of the receipts from the Mortgage Loans under the terms of the priority of payments as set out in the transaction documents.

The net liability position of £3,152,302 arises because of accounting adjustments in relation to the fair value of the Derivative, the impairment of the Mortgage Loans and effective interest rate adjustments on the Mortgage Loans Notes and Certificates. The directors do not consider it as an indicator of the Company's inability to continue as a going concern due to the limited recourse nature of the Notes and Certificates.

Going concern (continued)

The directors have performed an assessment of going concern. In terms of considering going concern, the focus was on the Company's position in respect of the potential for reduced cash flows to trigger an event of default, amounts that may be deferred per the transaction documents, and the operational resilience of the Company.

The directors have concluded that should there be an economic event resulting in the significant decrease in the revenue receipts from the portfolio of Mortgage Loans, the credit enhancement provided to the Company in the form of general reserve fund and cash balance, is sufficient to cover the interest due on the Notes and the expense obligations of the Company for a period in excess of 12 months following the date of approval of the annual report and financial statements. At the end of the financial period, the general reserve fund amounted to £5,476,860.

The directors are satisfied that the Company will continue to be able to meet its liabilities as they fall due. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Financial risk management

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

Charitable and political donations

During the period the Company made no donations to charities or political parties.

Third party indemnities

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

Future developments

Information on future developments is included in the principal activities, business review and future developments section of the Strategic Report.

Directors' confirmations

Each of the directors, whose names and functions are listed in Directors Report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and loss of the company; and

- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2023

Subsequent events

Following the end of the reporting period, the Seller repurchased loans totalling £91,620,834 from the Company between January 2024 and June 2024. Other than this loan repurchase, there have been no significant events affecting the company since the period end.

Independent auditors

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

This report was approved by the board and signed on its behalf by:

………………………………..
Luis Villar
per pro CSC Directors (No.1) Limited
Director
Date: 28 June 2024

Independent auditors’ report to the members of Gemgarto 2023-1 Plc

Report on the audit of the financial statements

Opinion

In our opinion, Gemgarto 2023-1 Plc’s financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2023 and of its loss and cash flows for the period from 16 August 2023 to 31 December 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the “Annual Report”), which comprise: the Balance Sheet as at 31 December 2023; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Directors.

Basis for opinion

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

Independence

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

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

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

Our audit approach

Context

The Company was established as a special purpose vehicle to raise funding through the issuance of notes (the "Notes") on the London Stock Exchange. The proceeds of the Notes issuance were used to fund the initial consideration for the purchase of a portfolio of mortgages loans (the "Mortgage Loans"), secured by first charge over residential properties within the UK. As such, the activities of the Company are limited to the application of receipts received from the securitised loans in line with the applicable priority of payments as per the underlying transaction documents, which includes payments of deferred consideration to the holders of the certificates (the "Certificates").

Overview

Audit scope

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

Key audit matters

- Errors in accounting due to a lack of understanding of the transaction

Materiality

- Overall materiality: £5,943,538 based on 1% of total assets.
- Performance materiality: £4,457,654.

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Errors in accounting due to a lack of understanding of the transaction As this was the first period for which financial statements were prepared for this transaction, there is a risk that due to unfamiliarity of the transaction, the accounting may not fully reflect all aspects of the underlying transaction. The directors have concluded that the Seller achieved derecognition on the sale of the Mortgage Loans to the Company as a result of the sale of the majority of the Certificates to a third party and have therefore recognised the Mortgage Loans on the Company's Balance Sheet. The Mortgage Loans, Notes and Certificates are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method and will be reduced by any payments or effective interest rate adjustments occurring during the period. Related disclosures in the Financial Statements: Note 2. Accounting Policies - Critical accounting judgements and estimates Note 9. Mortgage Loans Note 12. Creditors: amounts falling due within one year Note 13. Creditors: amounts falling due after more than one year Note 17. Financial risk management	In response to this key audit matter, we : • Reviewed the terms of the securitisation in order to ensure that the director's conclusions regarding the accounting for the Company's purchase of a beneficial interest in the Mortgage Loans is consistent with the requirements of IAS 39; • Tested the calculations and reconciliations of underlying the fair values of the Mortgage Loans, Notes and Certificates at initial recognition and subsequent measurement at amortised cost; • Tested the reconciliation of balances from acquisition date to reporting date and; • Assessed the appropriateness of the disclosures in the financial statements in accordance with FRS 102. We have no material matters to note in relation to the above procedures.

How we tailored the audit scope

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

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

The impact of climate risk on our audit

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

Materiality

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

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

Overall company materiality	£ 5,943,538.
How we determined it	1% of total assets
Rationale for benchmark applied	The Company is a not for profit entity, whose main priority is to remit the cash received in respect of its assets so as to repay its liabilities.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £ 4,457,654 for the Company financial statements.

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

We agreed with the Directors that we would report to them misstatements identified during our audit above £297,177 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to any breach of the listing requirements of London Stock Exchange under which the prospectus dated 11 December 2023 was issued or of the transaction documents, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Making inquiries with those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Testing of the reconciliation of the financial statements to the period end servicer's reports and to the bank statements of the Company;
- Considering the reasonableness of key judgements and assumptions used by the management in developing accounting estimates, including a critical assessment of the presence of management bias;
- Testing the journals using a risk-based approach.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 18 August 2023 to audit the financial statements for the year ended 31 December 2023 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 16 AUGUST 2023 TO 31 DECEMBER 2023

	Note	Period from 16-Aug-23 to 31-Dec-23 £
Interest receivable and similar income	3	4,315,961
Interest payable and similar expenses	4	(2,049,553)
Net interest Income		**2,266,408**
Administrative expenses	5	(867,015)
Impairment of mortgage loans	9	(883,776)
Movement in fair value of derivatives	14	(3,680,420)
Loss before tax		**(3,164,803)**
Tax on loss	8	-
Loss for the financial period		**(3,164,803)**
Other comprehensive income for the period		
Other comprehensive income for the period		-
Loss and total comprehensive expense for the financial period		**(3,164,803)**

All amounts relate to continuing operations.

The notes on pages 22 to 38 are an integral part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2023
Registered number: 15075707

	Note	31-Dec-23 £
Non-Current assets		
Mortgage Loans	9	498,350,753
Debtors: Amounts falling due after more than one year	11	5,027,081
		503,377,834
Current assets		
Mortgage Loans	9	56,280,942
Debtors: Amounts falling due within one year	11	2,938,220
Cash at bank and in hand (Restricted)	10	31,756,821
		90,975,983
Creditors: Amounts falling due within one year	12	(76,644,462)
Net current liabilities		**14,331,521**
Total assets less current liabilities		**517,709,355**
Creditors: Amounts falling due after more than one year	13	**(520,861,657)**
Net liabilities		**(3,152,302)**
Capital and reserves		
Called up share capital	15	12,501
Profit and loss account		(3,164,803)
Total Shareholders' deficit		**(3,152,302)**

The notes on pages 22 to 38 are an integral part of these financial statements.

The financial statements on pages 18 to 38 were authorised for issue by the board of directors on 28 June 2024 and were signed on its behalf:

…………………………………..
Luis Villar
per pro CSC Directors (No.1) Limited
Director

Date: 28 June 2024

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 16 AUGUST 2023 TO 31 DECEMBER 2023

	Called up share capital £	Profit and loss account £	Total shareholder's deficit £
Balance as at 16 August 2023 (date of incorporation)	-	-	-
Shares issued during the period	12,501	-	12,501
Loss and total comprehensive expense for the financial period	-	(3,164,803)	(3,164,803)
Balance as at 31 December 2023	**12,501**	**(3,164,803)**	**(3,152,302)**

The notes on pages 22 to 38 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 16 AUGUST 2023 TO 31 DECEMBER 2023

	Note	Period from 16-Aug-23 to 31-Dec-23 £
Cash flows from operating activities		
Loss before tax		(3,164,803)
Adjustments for:		
Interest receivable and similar income	**3**	(4,315,961)
Interest payable and similar expenses	**4**	2,049,553
Increase in debtors	**11**	(2,938,220)
Increase in creditors	**12**	315,860
Change in fair value of interest rate swap	**14**	3,680,420
Impairment charge	**9**	883,776
Mortgage write offs	**9**	3,468
Net cash used in operating activities		**(3,485,907)**
Cash flows from investing activities		
Purchase of Mortgage Loans	**9**	(537,236,259)
Principal repayments on Mortgage Loans	**9**	24,407,345
Interest received on Mortgage Loans		4,810,696
Net cash used in investing activities		**(508,018,218)**
Cash flow from financing activities		
Proceeds from Issue of Notes and Certificate	**13**	551,955,946
Payment on novation of Swap		(8,695,000)
Net cash generated from financing activities		**543,260,946**
Net increase in cash and cash equivalents		31,756,821
Opening balance cash and cash equivalents		-
Cash and cash equivalents at 31 December 2023	**10**	**31,756,821**
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand (Restricted)		**31,756,821**

The notes on pages 22 to 38 are an integral part of these financial statements.

1. General information

The Company, a public company limited by shares, was incorporated as a special purpose vehicle on 16 August 2023 in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of its registered office is 10th Floor 5 Churchill Place, London, London, United Kingdom, E14 5HU. On 13 December 2023 (the “Closing Date”), the Company acquired a portfolio of UK residential mortgage loans (the "Mortgage Loans") from Kensington Mortgage Company Limited (the "Seller"). Whilst the Mortgage Loans were originated by Kensington Mortgage Company Limited, an equitable interest in the Mortgage Loans and their Related Security had previously been sold to Barclays Bank UK plc (the parent company of Kensington Mortgage Company Limited) and therefore the Seller reacquired the Mortgage Loans prior to selling them to the Company. All Mortgage Loans were originated between 2019 and 2023 (with most being originated in 2022). The Mortgage Loans are secured by residential properties located in England, Wales and Scotland. Kensington Mortgage Company Limited is the servicer of the Mortgage Loans (the “Servicer”).

The Company is funded through the issuance of Class A, B, C, D, E, F, G, and Z Notes (together the "Notes") and Class S1, Class S2 and Class Y certificates (together the “Certificates”). The Notes are listed on the London Stock Exchange. The Notes have a step up date on the interest payment date ("IPD") falling in March 2027 and a final maturity date due in December 2073.

The Class S1 and Class S2 certificates are the mechanism by which Senior Deferred Consideration is paid and the Class Y certificates are the mechanism by which Residual Deferred Consideration is paid. The proceeds of the Notes totalled £551,955,946 and was used to fund the initial consideration for the purchase of the Mortgage Loans, to pay the Upfront Swap Payment to the Interest Rate Swap Counterparty, to pay certain fees and expenses of the Company incurred in connection with the issue of the Notes and to establish the General Reserve Fund.

The purchase price of the Mortgage Loans consists of the initial consideration of £537,783,946, plus residual deferred consideration, which was estimated on day 1 to be £41,922,532 and senior deferred consideration which are represented by the issue of Class S1& S2 certificates with a day 1 fair value of £1,262, 228. The residual deferred consideration is the amounts payable each interest payment date in accordance with the priority of payments. The right to such payments are represented by the issue of the Class Y Certificates to the Seller at nil value, in accordance with the sale agreement.

Following the Closing Date, the Seller transferred 100% of the Certificates to Barclays Bank PLC, in its role as Sponsor Administrator and Retention Holder. Barclays Bank PLC then transferred 95% of the Class Y Certificates to one or more third party investors. The directors of the Seller therefore concluded that the Seller substantially transferred the risks and rewards of ownership of the Mortgage Loans to the Company as a result of the transaction. Accordingly, in the Seller's financial statements, the transfer of the ownership of the beneficial interest in the Mortgage Loans resulted in their derecognition. The directors of the Company have concluded that it is appropriate to account for the beneficial interest acquired in the Mortgage Loans by recognising the Mortgage Loans on the Company's balance sheet. The day 1 value of the Mortgage Loans represented the initial consideration paid to the Seller to acquire the beneficial interest, along with the directors estimate of fair value of the deferred consideration that would be payable.

At the end of the financial period, the closing balance of the Mortgage Loans purchased by the Company from the Seller amounted to £554,631,695. Repayments during the financial period amounted to £24,407,345. The Mortgage Loans were purchased at a premium of £32,734,937.

Statement of compliance

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

2. Accounting policies

2.1 Adjusting of 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.

2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. 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 have been applied consistently with respect to the recognition and measurement of financial instruments. The accounting policies which have been applied consistently throughout the period to the Company's financial statements are set out below.

2.3 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 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 Certificates to meet its operating and administrative expenses is dependent principally on the performance of the Mortgage Loans. The Notes and Certificates are a limited recourse obligation of the Company, secured over the Mortgage Loans, and the Company’s ability to pay amounts due on them - being principal, fixed coupon and variable return - are, in substance, limited to the application of the receipts from the Mortgage Loans under the terms of the priority of payments as set out in the transaction documents.

The net liability position of £3,152,302 arises because of accounting adjustments in relation to the fair value of the derivative, the impairment of the Mortgage Loans and effective interest rate adjustments on the Mortgage Loans Notes and Certificates. The directors do not consider it as an indicator of the Company's inability to continue as a going concern due to the limited recourse nature of the Notes and Certificates.

The directors have performed an assessment of going concern. In terms of considering going concern, the focus was on the Company’s position in respect of the potential for reduced cash flows to trigger an event of default, amounts that may be deferred per the transaction documents, and the operational resilience of the Company.

The directors are satisfied that the Company will continue to be able to meet its liabilities as they fall due. For this reason, the directors have adopted the going concern basis in preparing the financial statements. Figures in the financial statements are rounded to the nearest GBP.

2. Accounting policies (continued)

2.4 Foreign currency translation

These financial statements are presented in GBP (£) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. All figures in the financial statements are rounded to the nearest GBP.

2.5 Interest income and expense recognition

Interest income and interest expense are recognised within 'Interest receivable and similar income' and 'Interest payable and similar expenses' in the statement of comprehensive income. Accrued interest income and accrued interest expense are recognised in 'Debtors: amounts falling due within one year' and 'Creditors: amounts falling due within one year' on the balance sheet.

The Company accounts for interest income and interest expense on an effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cashflows considering all contractual terms of the financial instrument but does not consider future credit losses.

2.6 Operating Segments

The Company has not disclosed segmental information because in the opinion of the directors the Company operates in one business sector and one geographic segment and generates all income in the United Kingdom.

2.7 Financial instruments

Mortgage Loans

The Mortgage Loans are classified under IAS 39 as loans and receivables, being non-derivative financial instruments with fixed or determinable repayments that are not quoted in an active market. The Mortgage Loans are measured initially at their fair value, and subsequently at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cashflows considering all contractual terms of the financial instrument but does not consider future credit losses. The initial fair value of the Mortgage 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 premium on the Mortgage Loans is amortised to the statement of comprehensive income over the expected life of the structure on a straight-line basis.

Impairment

Impairment is recognised against the carrying value of the Mortgage Loans when there is objective evidence of a loss event having occurred. Such loss events are considered to include breaches of predetermined arrears levels 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 Mortgage 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.

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Impairment (continued)

The recoverability of the Mortgage Loans is dependent on the collections from the borrowers. Mortgage Loans are considered in default when the borrower has missed the equivalent of 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. Based on Bank of England forecasts, the directors would expect a forced sale discount to be applied to the property value of a Mortgage Loan on the sale of repossessed collateral. The value of the potential repossessed collateral was based on the indexed property valuation available at 31 December 2023.

Management has performed sensitivity analysis of the key inputs and assumptions used in the calculation of impairment. The results of the sensitivities do not have any material impact therefore these are not disclosed in the financial statements.

These key assumptions are based on observed data from historical patterns and are updated as new data becomes available from the Servicer.

In addition, the directors consider how appropriate past trends and patterns could impact the current emerging trends and issues related to borrower's incomes, viability of employment and use of support measure such as payment holidays. Future micro and macro-economic factors will potentially impact future repayment conditions and the future value of underlying collateral. 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. The directors have also considered the performance of loans since the period end to identify any incurred but not reported credit events.

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 discount on the Notes is accreted to the statement of comprehensive income over the expected life of the structure on a straight-line basis.

The holder of the Class Y certificates holds the Portfolio Purchase Option and the Refinancing Option, either of which can be exercised on or after the Optional Redemption Date. If one of these options is not exercised, the margins over the reference rate will be increased. As such, the payments on the Notes in issue are impacted due to the options and increase in the margin. Whilst these features are considered to represent embedded derivatives, the economic characteristics and risks of such features are closely related to the economic characteristics and risks of the Notes. As such, these embedded derivatives are not required to be separated and accounted for as a derivative.

Certificates

The Company issued the Certificates to the Seller as part of the consideration for the purchase of the Mortgage Loans, in accordance with the Mortgage Sale Agreement. The Certificates are classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liability. The fair value of the Certificates at the date of issue was calculated using a discounted cash flow model. The key assumption used in this model was the constant prepayment rate of the underlying Mortgage Loans.

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Certificates (continued)

Additional assumptions were made around the discount rate and the expected life of the Mortgage Loans until the optional redemption date. The Certificates are subsequently carried at amortised cost using the effective interest rate method.

Any remeasurement gains or losses arising as a result of a change in future cash flows are recorded as effective interest rate adjustments. The Class Y Certificates represent the right to receive payments on a quarterly basis from the residual funds in the priority of payments to the extent funds are available. The payments on the Class Y Certificates are impacted by the change in the spread, prepayments and extent of credit losses. Whilst these features of the Class Y Certificates are considered to represent embedded derivatives, the economic characteristics and risks of such features are closely related to the economic characteristics and risks of the Mortgage Loans. As such these embedded derivatives are not required to be separated and accounted for as a derivative.

Derivatives

The derivative instruments utilised by the Company are interest rate swaps. Such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy. Derivative financial instruments are classified as held for trading and recorded at fair value, with any gain or loss on re-measurement being recognised in profit and loss. The Company does not enter into speculative derivative contracts. The Company does not apply hedge accounting. The fair value of the derivative is calculated by discounting future cash flows using observable market data at that date. The fair value of the derivative financial instruments is derived from counterparty valuations.

2.8 Taxation

The directors are satisfied that the Company meets the definition of a “securitisation company” under the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax is recognised.

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

2.9 Cash and cash equivalents (Restricted)

Cash is represented by 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.

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

2. Accounting policies (continued)

2.10 Critical accounting judgements and estimates

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 experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised if the revision affects only that financial period or in the financial period of the revision and future periods if the revision affects both current and future financial periods. Following judgment and estimates are considered significant for the financial statements.

Critical Judgements

Recognition of the Mortgage Loans

On 13 December 2023, the Company acquired a portfolio of the Mortgage Loans from the Seller. There is judgement involved in determining whether or not the transfer of the beneficial interest in the Mortgage Loans from the Seller to the Company resulted in the Seller transferring substantially all the risks and rewards associated with the Mortgage Loans to the Company. The judgement is considered a critical judgment as it impacts whether the transfer of the Mortgage Loans qualified for derecognition from the perspective of the Seller, thereby enabling the Company to recognise the Mortgage Loans as its own assets or whether the Company should instead derecognise the cash and other consideration paid and recognise a receivable from the Seller. The directors have concluded that, following the sale of the Class Y Certificates to a third party, the Seller qualified to derecognise the Mortgage Loans and therefore that it is appropriate to recognise the Mortgage Loans on the Company's balance sheet.

In reaching this conclusion, consideration was given to Mortgage Loan product switches. This is because, under the transaction documents, in instances where the Seller (as Legal Title Holder) agrees a product switch with the borrower then the Seller must repurchase the Mortgage Loan and its related security from the Company, immediately after the product switch becomes effective. The directors concluded that as the repurchase is of the Mortgage Loan after the product switch has become effective and is deemed to be at fair value (given the repurchased Mortgage Loan will be at the current market interest rate offered by the Seller for a Mortgage Loan of that notional value) then it does not impact the conclusion as to whether or not the Seller qualified to derecognise the Mortgage Loans.

Estimates

Impairment of the Mortgage Loans

The Company measures the amount of any impairment loss as the difference between the carrying value of a Mortgage Loan 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 Mortgage Loans is dependent on the collections from the borrowers. Mortgage Loans are considered in default when the borrower has missed the equivalent of 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.

2. Accounting policies (continued)

Estimates (continued)

Based on Bank of England forecasts the Directors would expect a Forced Sale Discount to be applied to the property value of a Mortgage Loan on the sale of repossessed collateral. The value of the potential repossessed collateral was based on the indexed property valuation available at 31December 2023.

The Directors have performed sensitivity analysis of the key inputs and assumptions used in the calculation of impairment. The results of the sensitivities do not have any material impact therefore these are not disclosed in the financial statements.

These key assumptions are based on observed data from historical patterns and are updated by the servicer as new data becomes available.

In addition, the directors consider how appropriate past trends and patterns could impact the current emerging trends and issues related to borrower's incomes, viability of employment and use of support measure such as payment holidays. Future micro and macro-economic factors will potentially impact future repayment conditions and the future value of underlying collateral. 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.

Fair value of financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined by using valuation techniques including counterparty valuations or discounted cash flows models. The inputs to such models are taken from observable markets where possible but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of derivatives is calculated as the present value of their estimated future cash flows based on forward interest rates and the estimated redemption profile of the underlying Loans portfolio. The swap valuation is provided by Barclays Bank Plc, the swap provider.

Deferred consideration

Under the terms of the securitisation transaction, the Company legally acquired Mortgage Loans from the Seller for initial consideration and deferred purchase consideration (being the residual cash flows of the Company, as set out in the transaction documents, payable on the Certificates). The estimated deferred consideration payable was included within the day 1 fair value of the mortgage loans and as a separate liability.

On day one, the deferred purchase consideration liability was offset by the deferred purchase consideration asset (which forms part of the day one fair value of the mortgage loans and is subsequently accounted for as part of the mortgage loan balance). Subsequently, the deferred consideration liability is measured at amortised cost using the effective interest rate method. Expected cash flows in relation to deferred consideration liability are reviewed annually and the carrying value adjusted accordingly.

Management has performed a sensitivity analysis of the key inputs and assumptions used in the calculation of deferred consideration. A high-level assumption is the use of a discount rate of 22% to determine the fair value of the residual certificates. The discount rate of 22% was determined through a benchmarking process of portfolios with similar assets. As at 31 December 2023, if the discount rate had been 5% higher or 5% lower, with all other variables held constant, the net effect on the deferred consideration would decrease by £2,729,712 and increase by £3,102,841 respectively.

2. Accounting policies (continued)

Estimates (continued)

Effective Interest Rate Method

The Company has measured the Mortgage Loans and the Notes initially at their fair value, and subsequently at amortised cost using the effective interest rate method. The premium on the Mortgage Loans (which includes the day 1 estimate of deferred consideration payable) will be amortised to the profit and loss account over the expected life of the transaction until the Optional Redemption Date falling in March 2027. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate on the Mortgage Loans and the Notes, the Company has made a number of assumptions including the expected cashflows, interest rates, constant prepayments rates and expected lifetime of the transaction. These assumptions have been based on historical data and are updated as new data becomes available.

Whilst there may be variability in profit or loss in any individual period, over the life of the transaction, the effective interest rates of the Mortgage Loans, Notes and Certificates is expected to offset.

3. Interest receivable and similar income

	Period from 16-Aug-23 to 31-Dec-23 £
Interest income from Mortgage Loans	4,810,696
Amortisation of premium on Mortgage Loans	(494,735)
	4,315,961

4. Interest payable and similar expenses

	Period from 16-Aug-23 to 31-Dec-23 £
Interest expense on Notes	1,733,346
EIR adjustments on Class Y certificates	297,964
Accretion of Discount on Notes	18,243
	2,049,553

5. Administrative expenses

	Period from 16-Aug-23 to 31-Dec-23
	£
Other professional fees	780,147
Audit fees - including VAT	83,400
Mortgage loans write offs	3,468
	867,015

6. Auditors' remuneration

	Period from 16-Aug-23 to 31-Dec-23
	£
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	69,500
VAT	13,900
	83,400

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

7. Employees

The Company has no employees. The directors received no remuneration from the Company in respect of qualifying services rendered during the financial period. CSC Capital Markets UK Limited as corporate service provider fees is £5,609 during the financial period of which a portion represents directorship services provided by the directors of the Company who are also employees of the corporate service provider.

8. Tax on loss

	Period from 16-Aug-23 to 31-Dec-23 £
Corporation tax	
Current tax on loss for the period	-
Total tax	**-**

The tax assessed for the period 16 August 2023 to 31 December 2023 is same as the standard rate of corporation tax in the UK of 25% as set out below:

	Period from 16-Aug-23 to 31-Dec-23 £
Loss before tax	(3,164,803)
Loss before tax multiplied by standard rate of corporation tax in the United Kingdom of 25%	(791,201)
Effects of:	
Accounting profit not taxed in accordance with SI 2006/3296	791,201
Cash retained profit taxed in accordance with SI 2006/3296 at 25%	-
Total tax charge for the financial period	**-**

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 nor recover tax on its loss. Instead, the Company is required to pay tax on its retained profits of £Nil.

9. Mortgage Loans

	31-Dec-23 £
Opening balance as at 16 August 2023	-
Book value of Mortgage Loans acquired	547,686,082
Premium on acquisition	32,734,937
Amortisation of premium on Mortgage Loans	(494,735)
Principal repayments on Mortgage Loans	(24,407,345)
Impairment on Mortgage Loans	(883,776)
Mortgage Loans write offs	(3,468)
Balance as at 31 December 2023	**554,631,695**

9. Mortgage Loans (continued)

Movement In Impairment provision included in the above:	31-Dec-23 £
Opening balance	-
Impairment provision for period	883,776
Closing balance	**883,776**

The expected maturity profile of the Mortgage Loans was as follows:

	31-Dec-23 £
In one year or less	56,280,942
In more than one year	498,350,753
	554,631,695

10. Cash at bank and in hand (Restricted)

	31-Dec-23 £
Cash at bank and in hand (Restricted)	31,756,821

The cash at bank is held with the Barclays Bank plc. Barclays Bank plc currently holds an A1/Stable credit rating by Moody's. All withdrawals from the Company's bank accounts are governed by the detailed priority of payments set out in the underlying transaction documents and as such are considered restricted.

11. Debtors

	31-Dec-23 £
Amounts falling due after more than one year	
Fair value of interest rate swap (Note 14)	5,014,580
Other debtors	12,501
	5,027,081
Amounts falling due within one year	
Due from Servicer	2,938,220

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FOR THE PERIOD ENDED 31 DECEMBER 2023

12. Creditors: Amounts falling due within one year

	31-Dec-23
	£
Issued Notes	59,320,920
Issued Certificates	15,274,336
Accrued interest payable on Notes	1,733,346
Accrued expenses	315,860
	76,644,462

13. Creditors: Amounts falling due after more than one year

	31-Dec-23
	£
Issued Notes	492,653,269
Issued Certificates	28,208,388
	520,861,657

The Company is funded through the issuance of Notes which are listed on London Stock Exchange and Certificates. The Notes have a final maturity date on the interest payment date falling in December 2073.

The Class S1 and Class S2 certificates are the mechanism by which Senior Deferred Consideration is paid and the Class Y certificates are the mechanism by which Residual Deferred Consideration is paid. The proceeds of the Notes totalled £551,955,946 and was used to fund the initial consideration for the purchase of the Mortgage Loans, to pay the Upfront Swap Payment to the Interest Rate Swap Counterparty, to pay certain fees and expenses of the Company incurred in connection with the issue of the Notes and to establish the General Reserve Fund.

	ISIN	Interest rate	Issuance	Issue price	Note Proceeds/FV	Amortisation	Closing Balance
Issued Notes							
			£		£	£	£
Class A	XS2702923728	SONIA + 0.90%	476,487,000	1.00	476,487,000	-	476,487,000
Class B	XS2702924882	SONIA + 1.50%	38,338,000	1.00	38,225,808	1,696	38,227,504
Class C	XS2702925004	SONIA + 2.00%	10,954,000	0.99	10,811,784	2,149	10,813,933
Class D	XS2702925186	SONIA + 2.50%	10,954,000	0.97	10,643,423	4,694	10,648,117
Class E	XS2702925269	SONIA + 4.50%	5,477,000	0.98	5,348,952	1,935	5,350,887
Class F	XS2702925699	SONIA + 6.00%	2,738,000	0.96	2,628,896	1,649	2,630,545
Class G	XS2702925772	SONIA + 6.00%	2,738,000	0.95	2,603,044	2,040	2,605,084
Class Z	XS2702926150	SONIA + 6.00%	5,477,000	0.95	5,207,039	4,080	5,211,119
			553,163,000		551,955,946	18,243	551,974,189

13. Creditors: Amounts falling due after more than one year (continued)

Certificates

The deferred consideration of £43,482,724 relates to the day 1 fair value of the Class S1, Class S2 and Class Y certificates as shown in the table below.

Description	ISIN	Interest rate	Issuance	Repayments	Adjustments	Closing balance
Class S1	XS2702929253	N/A	1,262,228	-	-	1,262,228
Class S2	XS2702929337	N/A	-	-	-	-
Class Y	XS2702928016	N/A	41,922,532	-	297,964	42,220,496

14. Change in fair value of the interest rate swap

	31-Dec-23 £
Payment on novation of swap	8,695,000
Fair value movement	(3,680,420)
	5,014,580

15. Called up share capital

	31-Dec-23 £
Allotted, called up and fully paid	
1 Ordinary share of £1	1
Allotted, called up and partly paid	
49,999 Ordinary Shares of £1 each of which 25% are partly paid	12,500
Total	**12,501**

16. Ultimate controlling party

The entire share capital of the Company is held by Gemgarto 2023-1 Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales (“Holdings”). The entire issued share capital of Holdings is held on a discretionary trust basis under a share trust deed by the legal parent company, CSC Corporate Services (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is 10th Floor, 5 Churchill Place, London, United Kingdom, E14 5HU. CSC Corporate Services (UK) Limited is a wholly owned subsidiary of CSC Capital Markets UK Limited. However, whilst Holdings is the legal owner of the Company, it does not have any power under the transaction documents. As such, it is not considered to be the Company's controlling party. It is the view of the directors that the Company does not have an ultimate controlling party.

17. Financial risk management

The principal risks arising from the Company’s financial instruments are liquidity, credit and market risk. The Company has established policies for managing these risks as outlined below.

17. Financial risk management (continued)

Credit risk

Credit risk is the risk of impairment and partial or total loss of a receivable due to the deterioration of credit quality on the part of the counterparty. The primary assets of the Company are the Mortgage Loans. Credit risk is monitored and managed on a regular basis through the review of publicly available quarterly Investor Reports prepared by the cash manager and monthly Servicer Reports prepared by the Servicer. These are reviewed in detail by senior management. Under the Security Agreements, the Company has first charge over all properties which have been secured on the Mortgage Loans. The Mortgage Loans are 100% secured against collateral. At the end of the financial period, there were 2,812 loans with a weighted average loan to value of 84.71%. There were 13 loans with arrears of over 90 days with a principal balance of £1,831,146.

The maximum exposure to credit risk at the financial period end is as follows:

	31-Dec-23
	£
Mortgage Loans	554,631,695
Debtors: amounts falling due after more than one year	5,027,081
Debtors: amounts falling due within one year	2,938,220
Cash at bank and in hand	31,756,821
	594,353,817

Debtors falling due after more than one year includes the interest rate swap which is collateralised in nature.

The below table summarises the current Loan to Value (LTV) of the mortgages in the portfolio. The current LTV is calculated as the outstanding loan value divided by last valuation of the collateral derived using the Nationwide House Price Index as at 31 December 2023.

Current LTV

	Number of Loans	%	Outstanding balance on Mortgage Loans £
< 50%	411	14.62	37,469,420
50% to 60%	26	0.92	3,516,520
60% to 70%	30	1.07	4,005,006
70% to 80%	95	3.38	19,597,350
80% to 90%	1,237	43.99	251,564,506
90% to 100%	990	35.21	202,337,383
>100%	23	0.82	4,785,083
	2,812	**100.00**	**523,275,269**

Arrears

	Number of Loans	%	Outstanding balance on Mortgage Loans £	Fair value of collateral (capped) £
Current	2,770	98.51	516,448,919	516,448,919
1 month to 3 months	29	1.03	4,995,204	4,995,204
>= 3 months	13	0.46	1,831,146	1,831,146
	2,812	**100.00**	**523,275,269**	**523,275,269**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023

17. Financial risk management (continued)

Liquidity Risk

Liquidity risk is defined as the risk of being unable to fulfil current or future payment obligations in full on the due date. The objective of the Company's liquidity management is to ensure the sufficient funds are available to meet the Company's commitments. Liquidity risk is minimised by the fact that the collateral underlying the Mortgage Loans is of a good quality and provides a steady cash flow for the Company to discharge all expenses.

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 Mortgage Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the interest payment date falling in December 2073. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make repayments on the Notes to the extent that repayments are received from the Mortgage Loans.

The table below analyses the undiscounted cashflows of the financial liabilities at the balance sheet date into relevant maturity groupings. The calculations have been based on the interest rates effective at the balance sheet date.

	Carrying Value	From 1 month to 3 months	From 4 months to 1 year	From 1 year to 5 years	Gross Cashflows
	£	£	£	£	£
Issued Notes	551,974,189	14,295,661	45,025,259	493,842,080	553,163,000
Issued Certificates	43,482,724	3,661,797	11,612,539	46,797,300	62,071,636
Accrued interest on Notes	1,733,346	9,244,514	24,846,652	65,202,990	99,294,156
Accrued expenses	315,860	315,860			315,860
	597,506,119	**27,517,832**	**81,484,450**	**605,842,370**	**714,844,652**

The Notes do not have a contractual amortisation profile as they are repaid based on the cash received from the Mortgage Loans, but assuming that the Portfolio Purchase Option is exercised on the Optional Redemption Date, resulting in the repayment of the Notes. The contractual cash flows for the notes included in tables above are based on the cash flows on the Mortgage Loans. Interest payable on the Notes has been based on the current SONIA rates and margin. The Certificates have no notional but the Company is required to make payment on them, to the extent that there are cash flows to do so, at each interest payment date, in accordance with the priority of payments set out in the transaction documents. The timing of the undiscounted cash flows set out in the table above is dependent on the uncertain timing of cash receipts from the securitised assets and thus the table sets out an estimate derived from observable market data. This differs from expected cash flows due to the requirement to use principal received on the Loans to repay the Notes at each Interest Payment Date, in accordance with the priority of payments. Therefore, an equivalent portion of the notes will be required to be repaid on the next interest payment date.

Analysis of net debt

	As at 16-Aug-23	Issuance	Cashflows	Other changes	As at 31-Dec-23
	£	£	£	£	£
Cash at bank and in hand (Restricted)	**-**		**31,756,821**	**-**	**31,756,821**
Issued Notes	**-**	**(551,955,946)**	**-**	**(18,243)**	**(551,974,189)**
	-	**(551,955,946)**	**31,756,821**	**(18,243)**	**(520,217,368)**

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

17. Financial risk management (continued)

Market Risk

Market risk refers to the potential loss arising from changes in interest rates and foreign currency rates. The Company's financial assets and liabilities are denominated in GBP and therefore the Company has no exposure to foreign currency risk.

The Company has mitigated its interest rate risk as interest due on the Notes is only due to the extent funds are received from the Mortgage Loans. Therefore, interest rate risk is minimal.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different bases or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of the Receivables and the Notes (its principal assets and liabilities) are similar. The underlying Mortgage Loan are initially held at a fixed rate, so the derivatives are in place to hedge the mismatch on the floating Notes. As such, the Company does not have a material net exposure to interest rate risk and therefore no sensitivity analysis is presented.

Fair value of financial assets and liabilities

At the financial period end the Company has an interest rate swap contract with a fair value of £5,014,580 to hedge the risk of fixed interest rates on the Mortgage Loans. The fair value of the interest rate swap contract is derived using the counterparty valuations with the notional balance of £516,361,797.

Financial instruments that are measured in the balance sheet statement at fair value are required to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
(b) 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)
(c) 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. The only financial instruments included in the Company's balance sheet statement that are measured at fair value are the interest rate swaps. As the fair value of the interest rate swap is calculated by discounting future cashflows based on the notional amortisation schedule set out in the swap agreement and other appropriate and observable market data, these fall within level 2 of the Hierarchy.

18. Related party transactions

CSC Capital Markets UK Limited entered into an agreement with the Company to provide certain corporate administrative services, bookkeeping and accounting services to the Company. During the financial period the Company incurred fees of £5,609 from CSC Capital Markets UK Limited. There were no fees paid to directors by the administrator as a directors' fee.

19. Contingent liabilities and commitments

There were no contingent liabilities or commitments as of 31 December 2023. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previous disclosed contingent liabilities, provisions are recognised in the period in which the changes in probability occur.

20. Post balance sheet events

Following the end of the reporting period, the Seller repurchased loans totalling £91,620,834 from the Company between January 2024 and June 2024. Other than this loan repurchase, there have been no significant events affecting the company since the period end.