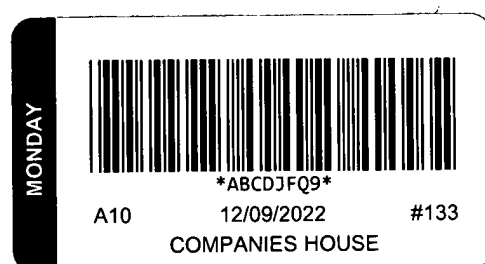


ALBA 2005-1 PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

Registered number 5532547



Company information

Directors

L.D.C Securitisation Director No.3 Limited
L.D.C Securitisation Director No.4 Limited
Mark Filer

Company secretary

Law Debenture Corporate Services Limited

Registered office

8th Floor
100 Bishopsgate
London
EC2N 4AG

Auditor

KPMG LLP
One Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Contents	Page
Strategic report	1 – 5
Directors' report	6 – 7
Statement of directors' responsibilities in respect of the Strategic report, the Directors' reports and the financial statements	8
Independent auditor's report to the members of Alba 2005-1 PLC	9 – 13
Statement of comprehensive income	14
Balance sheet	15
Statement of changes in equity	16
Statement of cash flows	17
Notes (forming part of the financial statements)	18 – 35

Strategic report

The directors present their strategic report for Alba 2005-1 PLC (the “Company”) for the year ended 31 December 2021.

Overview of the company

The Company was incorporated in England and Wales on 10 August 2005, as Sequingrange PLC and changed its name to Alba 2005-1 PLC on 19 September 2005.

On 22 November 2005 the Company issued a prospectus (the “Prospectus”) to issue floating rate notes (“Notes”), which are listed on the Euronext Dublin, in order to acquire two separate portfolios of sub-prime mortgages sold by Oakwood Homeloans Limited, one originated by Preferred Mortgages Limited and the other by Platform Mortgages Limited (together the “Mortgage Portfolio”) as part of a securitisation transaction. The Company raised £302,957k through the Note issue. The Notes have a final maturity date of 25 November 2042. Each of the two portfolios which form the Mortgage Portfolio are serviced separately, those originated by Preferred Mortgages Limited being serviced by Homeloan Management Limited and that being originated by Platform Mortgages Limited being serviced by Western Mortgage Services Limited (together the “Servicers”). Oakwood Homeloans Limited was appointed as the Special Servicer to provide certain specialist servicing and administration functions covering the whole Mortgage Portfolio.

Principal activities

The principal activity of the Company was to use the proceeds of the Notes issued to acquire portfolios of residential mortgages and enter into all financial arrangements in connection with the securitisation transaction. Currently the Company collects mortgage interest to service the Notes through the Servicers.

Business review

During the year the Company repaid £1,640,367 (2020: £3,446,397) of its issued class A3 notes (being 1.56% (2020: 3.28%) of the issued notes in that class), £652,419 (2020: £364,413) of its issued class B notes (being 3.01% (2020: 1.68%) of the issued notes in that class), £399,286 (2020: £223,024) of its issued class C notes (being 3.01% (2020: 1.68%) of the issued notes in that class), £204,917 (2020: £114,458) of its issued class D notes (being 3.01% (2020: 1.68%) of the issued notes in that class) and £122,046 (2020: £68,169) of its issued class E notes (being 3.01% (2020: 1.68%) of the issued notes in that class).

Prior year redemptions are disclosed by the Company in the year that they occurred.

There were no new issues of Notes during the year ended 31 December 2021 or post-year end up to the date of this report.

The directors consider the financial position of the Company to be satisfactory.

Results

The results for the year are set out on page 14.

During the current year the Company made a profit of £190,000 (2020: £83,000), including a derivative fair value loss of £24,000 (2020: £11,000 loss). Derivatives are held at fair value and, as such, there is a difference between the reported loss and that which would be presented on a historical cost basis.

Strategic report (continued)**Key performance indicators (KPIs)**

As a securitisation transaction, the key performance indicators used by management are predominantly consideration of whether there have been any breaches of the transaction documents. The directors do not believe that there have been any breaches during the year.

Financial KPIs - the actual receipts and payments of interest to and by the Company are monitored through the bank statements and measured against schedules and forecasts prepared by the servicers of the mortgage pools, in accordance with the transaction documents. Detailed information about the performance of the Mortgage Portfolio is contained in the quarterly investor reports which contain a range of data on the performance of the mortgage portfolio. As presented in the 25 May 2022 investor report (comparative 25 May 2021), the KPIs of the portfolio include:

- the percentage of the pool greater than 3 months in arrears was 3.72% (2020: 3.93%);
- the weighted average current loan to value (by original value) was 77.48% (2020: 77.19%);
- the average loan size was £101,604 (2020: £102,061);
- the weighted average interest rate was 2.34% (2020: 1.92%).

Non-financial KPIs – as a securitisation transaction, the key performance indicators used by management are predominantly consideration of whether there have been any breaches of the transaction documents. The directors do not believe that there have been any breaches during the year.

Going concern

Key factors in determining going concern include cash flows, loan losses and loan loss impairment provisions. The repayment of Notes issued by the Company is solely dependent on the performance of the pool of mortgages acquired. Specifically, if mortgages in arrears and expected losses on repossession increase, there may be less cash available to pay Noteholders. The legal structure of the Notes means that the Company is only required to pay out funds to the extent that it has received them from mortgage holders. The Company will draw on the reserve fund when necessary and this might lead to a principal deficiency if there are insufficient cash flows or reserve funds to pay Noteholders and other secured creditors.

However, the Company is not required to fund the deficiency until either a contractual maturity of the Notes or an early termination trigger event has occurred. These trigger events are monitored for the Company by its agents and to the best knowledge of the directors, no such trigger events have occurred in 2021 or to the date of this report.

The Directors have assessed, taking into consideration the principal risks and uncertainties set out in note 18 of the financial statements, the future strategic plans and anticipated economic conditions including the Coronavirus impact, and the entity's ability to continue as a going concern.

Having assessed the impact on the entity's principal risks on the basis of current financial projections including stressed scenario analysis, the directors have a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future and therefore believe that the entity is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details are provided in the directors' report.

Strategic report (continued)**Principal risks and uncertainties**

The principal financial risks faced by the Company are credit, interest and liquidity risks. These include the correct and timely receipts of interest and principal on the mortgage loans. Further details about these risks and the steps that are taken to manage them are set out at note 18 to the financial statements. Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security based on the probability of the loan going to repossession. More information, including about forbearance, is included in Note 1.

The Coronavirus outbreak is a continuing risk to the global economy and in particular in the U.K. where there have been disruptions to the business supply chain, as well as UK government intervention.

The Company has considered the ongoing impacts of this, taking measures to ensure staff safety while continuing to provide the support that customers require.

The Company has been structured to withstand extreme liquidity stresses. There are a variety of liquidity mechanisms, which can be used for support and protection, including liquidity facility and reserve fund.

The liquidity facility is a revolving drawdown facility renewable every 364 days and can be used for revenue shortfall in the waterfall on the interest payment date, (IPD).

The reserve fund of £2.6m is in place to make good certain shortfalls in the funds available to meet the senior payments, including shortfalls of interest payable on the Notes and principal deficiencies.

Internal control, risk profile and risk management

The directors have overall responsibility for the Company's internal control system which encompasses business, operational and compliance risks in relation to the securitisation transaction entered into by the Company. The principal risks faced by the Company are set out at Note 18, including a description of how those risks are managed.

Derivatives and other financial instruments

The Company's financial instruments, other than derivatives and fixed and variable rate mortgages, comprise the Notes, and cash and other liquid resources. Further details are set out in Note 19 of the accounts.

Strategic report (continued)**Future developments**

The Company was established solely to establish a Note Issuance Programme to issue loan notes to acquire residential mortgage portfolios originated in the UK. The Company will continue to operate until all Notes have been fully redeemed. No changes in future activities are envisaged and there are no plans to issue any further Series of Notes other than those already in existence.

With the cessation of LIBOR, the Company has been working with the transaction parties and advisors to move to a new reference rate for calculating the interest on the Notes. As such the Company launched separate consent solicitation memoranda for the underlying interest reference rate for the Notes denominated in Pounds Sterling to be changed from LIBOR to Compounded Daily SONIA with an additional spread adjustment of 0.1193% on top of the existing Note interest margin. This required amendments to the transaction documentation for the Series, including the swaps, and came into effect from the Interest Payment Date falling on 25 February 2022.

The underlying mortgages have been moved to a synthetic LIBOR rate by the Servicer following guidance provided by the Financial Conduct Authority.

The Company issued a consent solicitation on 1 December 2021 with regards to seek approval to amend the underlying interest reference rate for the Class A3, B, C, D and E sterling denominated Notes, to amend the hedging entered into by the Series and to amend the Series transaction documents as necessary for these changes. Separate Noteholder meetings have been held and the Noteholders approved the proposals by way of Extraordinary Resolutions. As a result the transaction documents are amended by way of an amendment deed and the changes became effective from 25 Feb 2022.

COVID-19 is a continuing risk which is causing global economic disruption and has potential to impact performance in 2022 as some customers may not be able to meet contractual payments. Due to the inherent nature of the entity, notes are limited recourse and are only paid down when cash is received, and movements in the underlying interest rates are predominantly mitigated by the financial derivatives and for this reason directors are of the opinion that the entity continues to be a going concern for the foreseeable future. This is further supported by the cash reserve held and the liquidity facilities held by the entity. The directors do not expect there to be any change in the activities of the Company in the foreseeable future.

The Company entered into a separate swap transaction when the Series had been originally issued. The swaps have been renegotiated and should the proposals be agreed by the noteholders in the relevant Series, the required swap amendments will be cash neutral and have no P&L impact on day 1. The swaps will then continue to operate over the remaining contract period for that Series.

Due to the inherent nature of the transactions entered into by the Company, the Loan Notes are limited recourse in nature and are only repaid to the extent that cash is received from the repayment of the mortgages and the associated hedging.

Strategic report (continued)**Section 172(1) of the companies Act 2006**

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time the Company issued the bonds which are listed on the Euronext Dublin. 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, which cannot be changed without bondholder consent, 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;
- b) the transaction documents only allow the Company to retain a minimal profit and due to the limited recourse nature of the structure, the returns to bond holders are limited by the cashflows received;
- c) the company has no employees;
- d) the Company is a securitisation vehicle and therefore a key stakeholder are the bondholders. The transaction documents determine the nature and quality of assets that can be securitized 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;
- e) as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
- f) the Company maintains a reputation for high standards of business conduct via professional third parties who have contracted with the Company to provide specific 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
- g) the Company has a sole member The Law Debenture Intermediary Corporation and entire issued share capital on a discretionary trust basis for the benefit of certain charities.

By order of the board,



Mark Filer
Director

6 September 2022

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Directors

The directors who held office during the year and up to the date of this report were:

- L.D.C Securitisation Director No.3 Limited
- L.D.C Securitisation Director No.4 Limited
- Mark Filer

The company has no employees (2020: nil)

The directors are not subject to retirement by rotation.

Directors' interests

During the year none of the directors held beneficial interests in the shares of the Company.

Going concern

Key factors in determining going concern include cash flows, loan losses and loan loss impairment provisions. The repayment of Notes issued by the Company is solely dependent on the performance of the pool of mortgages acquired. Specifically, if mortgages in arrears and expected losses on repossession increase, there may be less cash available to pay Noteholders. The legal structure of the Notes means that the Company is only required to pay out funds to the extent that it has received them from mortgage holders in a strict order of priority under the cash waterfall set out in the transaction documents. A funding deficit may occur should the available cash be insufficient to pay all of the items in the waterfall.

The Company has a liquidity facility which it may drawdown on to fund temporary cash flow shortfalls to allow certain amounts under items of the Pre-Enforcement Interest Priority of Payments (the "Senior Payments") to be paid. Drawings under the Liquidity Facility are of a revolving nature and are repayable in full on the Payment Date following the date of such drawing. To provide limited coverage for shortfalls in paying the Senior Payments, the transaction documents required the Company to establish a reserve fund. The size of the reserve fund may reduce over time as the Notes are repaid if certain conditions are met.

On the date the Notes reach contractual maturity or an early termination trigger event has occurred, any remaining balance in the reserve fund will be released and used in the cash flows to repay the amounts outstanding. At that time, this might lead to a principal deficiency if there are insufficient cash flows or reserve funds to pay Noteholders and other secured creditors at that time. The trigger events are monitored for the Company by its agents and to the best knowledge of the directors, no such trigger events have occurred in 2021 or to the date of this report.

The Servicers, on behalf of the Company, continue to monitor the COVID-19 impacts, which has caused global economic disruption and has the potential to impact on the cash flows as some customers may not be able to meet contractual payments. The Servicers are following the guidance provided by the FCA in relation to forbearance.

The impact of COVID-19 (corona virus) in relation to the customer's ability to repay their mortgage is an emerging risk and a developing situation at this time.

Directors' report**Going concern (continued)**

In assessing this risk, the directors considered the potential available cash and the payment waterfalls within the transaction documents. The liquidity facility and cash reserve fund can be used to mitigate the effect of economic downturns and help in settlement of the Company's liabilities as they fall due in accordance with the transaction documents. The directors therefore believe that the emerging COVID-19 economic impact does not call into question the Company's adoption of the going concern basis of preparation.

The directors believe that these factors should enable the Company to continue to trade normally and that, notwithstanding any deterioration that might arise in the housing market or in the general economy within the next 12 months, the Company should be able to meet the payments required under the transaction cash waterfalls falling due for payment over the next 12 months based on current expectations of the performance of the mortgage portfolio. Should the cash-flows be insufficient the Company may default on any Note payments due. In such circumstances and in accordance with the transaction documents, the Security Trustee may choose to dispose of the Company's assets and, potentially, wind up the Company.

Having reviewed these factors, and taking into account current market conditions, in the opinion of the directors, the Company remains a going concern and the accounts have been prepared on this basis.

Proposed dividend

The directors do not recommend the payment of a dividend (2020: £Nil).

Political and charitable donations

The Company made no political or charitable donations during the year (2020: £Nil).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, apart from the above Coronavirus pandemic disclosure, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board,



Mark Filer
Director

6 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALBA 2005-1 PLC

1 Our opinion is unmodified

We have audited the financial statements of Alba 2005-1 Plc ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cashflows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matter: our assessment of risk of material misstatement

Key audit matter is that matter that, in our professional judgement, was of most significance in the audit of the financial statements and include the most significant assessed risk of material misstatement (whether or not due to fraud) identified by us, 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. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2020):

Key audit matter	The risk	Our response
Loan impairment Impairment provision balance £82k (2020: £299k) <i>Refer to page 18 (accounting policy) and page 29 (financial disclosures)</i>	Subjective estimate The Company holds a portfolio of loans consisting of United Kingdom residential mortgages. A provision for impairment is made which represents the Directors' best estimate of losses incurred within the portfolio of loans at the balance sheet date. The impairment provision is derived from a model that incorporates subjective judgements, in particular on the key assumptions of probability of default and forced sale discounts against collateral. There is a risk that the provision is not reflective of the incurred losses at the end of the period due to these judgements made. As part of our risk assessment, we determined that the loan impairment provision has a high degree of estimation uncertainty. Note 1 in the financial statements disclose the sensitivity estimated by the Company.	Our procedures included: Historical comparison: We assessed the key assumptions used in the impairment model, being probability of default and forced sale discount, against the Company's historical experience. Sensitivity analysis: We assessed the impairment model we used for its sensitivity to changes in the key assumptions of probability of default and forced sale discount by performing stress testing. Assessing transparency: We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining impairment provision.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at £522,000 (2020: £550,000, determined with reference to a benchmark of total assets, of which it represents 0.9% (2020: 0.9%) of total assets.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £339,000 (2020: £350,000) for the company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £26,000 (2020: £27,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

The risks we considered most likely to adversely affect the Company's available financial resources over this period were:

- an increase in the level of impairment of loans and advances to customers due to the current uncertainty in the economic environment; and
- whether a call option that exists over the loan notes, (and is exercisable at the discretion of the noteholders upon the carrying amount of the issued notes reaching 10% of the amount initially issued by the Company), being exercised.

We considered whether those risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of availability financial resources indicated by the Company's financial forecasts.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, including any actual, suspected or alleged fraud.
- Using our own judgment and knowledge of the company and the circumstances of the Company to identify potential fraud risks.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Company's management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as loan impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited complexity in the calculation and recognition of revenue.

We also identified a fraud risk related to loan impairment in response to possible manipulation of estimates. We performed procedures including an assessment of significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards). We also discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation including related companies legislation, distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, sanctions list and the financial crime and various requirements governing securitisation transactions recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

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

A handwritten signature in black ink, appearing to read 'K. G. Pountney', with a stylized flourish at the end.

Karl Pountney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
United Kingdom
LS1 4DA

07 September 2022

Statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Interest receivable and similar income	3	728	884
Interest payable and similar charges	4	(361)	(130)
Net interest (expense)/income		367	754
Fair value movements of derivatives	5	(24)	(11)
Administration expenses		(370)	(480)
Impairment credit/(charge)	8b	217	(180)
Profit on ordinary activities before taxation		190	83
Taxation	7	-	-
Profit for the year		190	83
Other comprehensive income for the year		-	-
Total comprehensive income		190	83

All the Company's income is derived from continuing activities.

The notes on pages 18 to 35 form part of these financial statements.

Balance sheet
As at 31 December 2021

	Note	2021 £000s	2020 £000s
Non-current assets			
Mortgage loans	8a	43,385	47,168
Derivative assets	9	-	7
Total non-current assets		43,385	47,175
Current assets			
Debtors: Amounts falling due within one year	10	218	105
Cash at bank and in hand	11	14,660	13,765
		58,263	61,045
Current liabilities			
Liabilities: Amounts falling due within one year	12	(212)	(176)
Liquidity facility drawdown	13	(10,986)	(10,986)
Total assets less current liabilities		47,065	49,883
Non-current liabilities			
Liabilities: Amounts falling due after more than one year	14	(46,324)	(49,348)
Derivative liabilities	15	(18)	(2)
Net Assets		723	533
Capital and reserves			
Called up share capital	16	12	12
Retained earnings		711	521
Shareholder's surplus		723	533

These financial statements were approved by the Board of Directors on 6 September 2022 and were signed on its behalf by:



Mark Filer
 Director

The notes on pages 18 to 35 form part of these financial statements.

Statement of changes in equity
As at 31 December 2021

	Share capital £000s	Retained earnings £000s	Total £000s
Balance at 1 January 2020	12	438	450
Profit for the year	-	83	83
Balance at 31 December 2020	<u>12</u>	<u>521</u>	<u>533</u>
Balance at 1 January 2021	12	521	533
Profit for the year	-	190	190
Balance at 31 December 2021	<u>12</u>	<u>711</u>	<u>723</u>

The notes on pages 18 to 35 form part of these financial statements.

Statement of cash flows
For the year ended 31 December 2021

	Note	2021 £000s	2020 £000s
Cash flows from operating activities			
Profit / (Loss) on ordinary activities before tax		190	83
<i>Adjustments for non-cash items</i>			
Net interest income		(367)	(754)
Impairment (credit)/charge	8b	(217)	180
EIR and deferred consideration on residual holders	14	(3)	(356)
Fair value of derivative	5	24	11
		<u>(373)</u>	<u>(836)</u>
<i>Changes in:</i>			
Decrease in mortgage loans	8a	3,913	3,921
(Increase)/decrease in trade debtors and other receivables	10	(113)	7
Increase trade creditors and other payables	12	40	1
		<u>3,467</u>	<u>3,093</u>
Interest received	3	815	1,047
Interest paid	4/12	(366)	(170)
Net cash from operating activities		<u>3,916</u>	<u>3,970</u>
Cash flows from financing activities			
Repayment of loan notes	14	(3,021)	(4,215)
Net cash flow financing activities		<u>(3,021)</u>	<u>(4,215)</u>
Increase/(decrease) in cash in the year		895	(245)
Cash and cash equivalents at 1 January		13,765	14,010
Closing cash and cash equivalents at 31 December	11	<u>14,660</u>	<u>13,765</u>

The notes on pages 18 to 35 form part of these financial statements.

**Notes (forming part of the financial statements)
For the year ended 31 December 2021**

1. Accounting policies

The Company was incorporated in England and Wales on 10 August 2005, as Sequingrange PLC and changed its name to Alba 2005-1 PLC on 19 September 2005. The Company has its registered office at 8th Floor, 100 Bishopsgate, London EC2N 4AG.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

In making the Going concern assessment for the Company, the directors have considered forecast cash flows, anticipated losses on mortgage assets, and the likelihood of the call option in place over the issued notes being exercised.

The Company holds a pool of sub-prime mortgages which were purchased by Oakwood Homeloans Limited and securitised in the Company. The repayment of the non-recourse finance issued by the Company is solely dependent on the performance of this pool of mortgages. Specifically, if mortgages in arrears and expected losses on repossession increase, there will be less cash available in the structure to repay the loan note holders.

Payments are made by the Company on quarterly Interest Payment Dates (IPD) in accordance with the priority of payments set out in the securitisation transaction documentation. Payments are made only to the extent that the Company has funds available in accordance with the terms of the securitisation documentation.

Principal Deficiency Ledgers are maintained, and cash held back from distribution to Noteholders in respect of any amount of principal which remains outstanding under a mortgage loan after completion of the arrears and default procedures up to certain pre-set limits. These Principal Deficiency Ledgers have reached the maximum permitted levels under the securitisation documentation with the cash being held by the Company.

The call option that exists over the loan notes issued by the Company is exercisable at the discretion of the noteholders upon the carrying amount of the issued notes reaching 10% of the amount initially issued by the Company. This threshold could be varied, but any variation requires the consent of the directors of the Company, and no such requests have been received from the noteholders as of June 2022. The exercise of the call option would result in the effective cessation of the Company's trade, followed by the orderly settlement of any remaining assets and liabilities and ultimately the dissolution of the Company.

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

1. Accounting policies (continued)

Going concern (continued)

At the balance sheet date, the carrying value of the loan notes was 15.2% of the initial value, and in May 2022, 13.4% were outstanding. Therefore, the directors forecast that the loan notes will not reach the 10% threshold within the next 12 months.

The repayment of Notes issued by the Company is solely dependent on the performance of the pool of mortgages acquired. Specifically, if mortgages in arrears and expected losses on repossession increase, there may be less cash available in the structure to pay the Noteholders. The legal structure of the Notes means that the Company is only required to pay out funds to the extent that it has received them from mortgage holders.

The repayment of the principal liabilities of the Company, the floating rate notes, are limited to available principal cash received on the Company's loan portfolio until the final repayment date. Should the total cashflows be insufficient, the Company may default on loan note payments due. In such circumstances, the Trustee may choose to dispose of the Company's assets, and potentially wind up the Company.

The cash currently held by the Company, together with other structural features of the borrowing arrangements, gives the Company the ability to pay any interest actually due in cash over the next 12 months.

Having reviewed these factors, and taking into account current market conditions, in the opinion of the directors, the Company is a going concern and the financial statements have been prepared on this basis.

Key factors in determining going concern include cash flows forecast, with some assumption in the calculation, loan losses and loan loss impairment provisions. The repayment of Notes issued by the Company is solely dependent on the performance of the pool of mortgages acquired. Specifically, if mortgages in arrears and expected losses on repossession increase, there may be less cash available in the structure to pay Noteholders. The legal structure of the Notes means that the Company is only required to pay out funds to the extent that it has received them from mortgage holders.

The COVID-19 pandemic continues to pose a potential threat to the business. Whilst the Company continues to monitor the situation it has not seen any material impact on income received nor on its ability to pay principal and interest. The Russia/Ukraine conflict has affected the global economic markets and is exacerbating ongoing economic challenges, including inflation and global supply chain disruption. Due to the financial guarantees in place in the transaction, the Directors believe that the Company's performance is not directly affected by the economic implications of the conflict. The extent of the impact of COVID 19, the Russia/Ukraine conflict and Brexit on the financial performance of the Company will all depend on future developments, including restrictions, the effects on the financial markets, and the effects on the domestic and global economy, all of which are highly uncertain and cannot be predicted.

The Servicers, on behalf of the Company, continue to monitor the recent COVID-19 outbreak, which has caused global economic disruption and has potential to impact performance in 2022 as some customers may not be able to meet contractual payments.

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

1. Accounting policies (continued)

Going concern (continued)

At May 2022, the Company held £2.6m of cash (May 2021: £2.6m) in the Principal Deficiency Ledger which is available to cushion adverse performance in the mortgages. The directors believe that the reserve fund will continue to meet its target levels. In the event that the reserve fund drops below the target level and should the Company face shortfalls in receipts, the transaction documents permit deferral of interest payments on certain junior Notes. Taking these factors into account, the directors consider that they will be able to pay any interest actually due in cash over the next 12 months based on current expectations of the performance of the mortgage portfolio, although the Company will have only limited cash headroom.

If there is insufficient cash flow in future, the Company may default on any loan note payments due. In such circumstances and in accordance with the transaction documents, the Security Trustee may choose to dispose of the Company's assets and, potentially, wind up the Company. The directors have considered the cash flows for the next 12 months and are satisfied that the Company will continue to be able to meet its liabilities as they fall due.

Having reviewed these factors, and taking into account current market conditions, in the opinion of the directors, the Company is a going concern and the financial statements have been prepared on this basis.

Income recognition

The Company's principal source of income is interest receivable which is recognised on an effective interest rate basis.

Interest income is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Other income is bank interest earned in the year.

Interest payable

Interest is paid to Noteholders quarterly during the year and is recognised on an effective interest rate basis.

Interest is calculated using the LIBOR plus a margin on each class of Notes outstanding.

Administrative expenses

All administrative expenses, which comprise primarily professional fees and other overheads, are accounted for on an accruals basis.

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

1. Accounting policies (continued)

Mortgage loans and premiums

Mortgages are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

The amortised cost of the mortgages is the amount at which the mortgage is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortisation using the effective interest method (see income recognition) of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment.

In applying FRS 102 the Company has made an accounting policy choice by applying the recognition and measurement requirement of IAS 39 instead of Section 11 and 12 of FRS 102. The Company has designated that the mortgage loans upon initial recognition are measured at fair value and subsequently at amortised cost.

Mortgage impairment provisions

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

All individually significant loans and advances are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics. Individual assessments are made of all loans and advances on properties which are in possession or in arrears by 3 months or more.

A provision may also be made in the case of accounts, which may not currently be in arrears, where the servicer on behalf of the Company has exercised forbearance in the conduct of the account. The provision will be based on the propensity of the account to realise a loss had forbearance not been shown. In all cases account will be taken of any amounts recoverable under contract of indemnity insurance and of anticipated disposal costs.

Provisions made during the year are charged to the Statement of comprehensive income, net of recoveries.

Offsetting financial instruments

Financial assets and liabilities are offset in the Balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and liability simultaneously.

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

1. Accounting policies (continued)

Recognition and de-recognition of assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial instruments

The Company uses derivative financial instruments to hedge its exposure to fluctuations in interest rates. In accordance with IAS 39, derivative financial instruments are accounted for at fair value.

Derivatives are initially recognised at fair value on the date that the contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative financial instruments are recognised in the Statement of comprehensive income as they arise.

Financial liabilities

Financial liabilities comprise the mortgage-backed floating rate Notes, loans and deferred consideration. Financial liabilities are initially recorded in the Balance sheet at fair value less any attributable transaction costs. On subsequent reporting dates, financial liabilities are measured at amortised cost based on the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at bank and short-term bank deposits.

Taxation

The Company has elected to enter the permanent tax regime for securitisation companies. The directors are satisfied that the Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

Significant accounting judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's knowledge of the amount, actual results may differ from these estimates. If actual results differ from the estimates, the impact will be recorded in future periods.

- **Impairment**

Impairment provisions are recorded on loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security, based on the probability of the loan going into repossession. Estimates are required of the likely forced sale discount on the property and likelihood of the loan going into repossession based on the limited historical experience of the vehicle.

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

1. Accounting policies (continued)

Impairment (continued)

Included in the Statement of comprehensive income is an impairment calculated on the forced sale discount arising due to properties being repossessed (forced sale discount is calculated using the sale proceeds less cost of disposal compared to indexed market value of property being disposed on the date of sale). The FSD has been calculated using the average of the last three years.

When using a 10% sensitivity on the relevant variables of the impairment calculation, the Company would incur the following movements to the current provision.

<u>Variable</u>	<u>Movement in impairment provision</u>
FSD 10% increase	72,883
FSD 10% decrease	(53,747)
HPI 10% increase	(81,909)
HPI 10% decrease	67,121
PD 10% increase	4,271
PD 10% decrease	(7,451)

• **Effective interest rate**

In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. These estimates are based on historical data and have been fully amortised in the current period. Any changes in these estimates would result in an adjustment to the carrying value of the deferred consideration. The corresponding charge or release to the profit and loss will be included in the period in which the estimates are revised.

For all financial assets and liabilities measured at amortised cost, income and expenses are recognised in the profit and loss on an EIR basis.

• **Fair value**

Fair values are used in these financial statements for recognition (derivatives) and disclosure purposes. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The existence of published price quotations in an active market is the best evidence of fair value and when they are available, they are used. If the market for a financial instrument is not active, fair value is established using a valuation technique. Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. The fair value of derivatives is calculated as the present value of their estimated future cash flows.

Segmental reporting

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

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

2. Directors' remuneration and employees

The Company has no employees (2020: Nil).

None of the directors, all of whom are appointed under the terms of a Corporate Services Agreement entered into by the Company with Law Debenture Corporate Services Limited, received any remuneration for their services during the year (2020: £Nil) (see Note 21).

3. Interest receivable and similar income

	2021	2020
	£000s	£000s
Bank interest	-	7
Swap interest (net)	(57)	(2)
EIR income adjustment	(87)	(163)
Interest receivable on mortgage loans	872	1,042
	<u>728</u>	<u>884</u>

4. Interest payable and similar charges

	2021	2020
	£000s	£000s
Loan interest payable to note holders	240	407
Interest payable to residual certificate holders	38	-
Payment to sub note holders	99	79
EIR expense adjustment	(16)	(356)
	<u>361</u>	<u>130</u>

5. Fair value movements of derivatives

	2021	2020
	£000s	£000s
Fair value movements on derivative assets	20	11
Fair value movements on derivative liabilities	4	-
Total loss in fair value movements of derivatives	<u>24</u>	<u>11</u>

6. Profit before taxation is stated after charging

	2021	2020
	£000s	£000s
Auditor's remuneration for the audit of these financial statements	<u>82</u>	<u>50</u>

The audit fees above are shown exclusive of VAT.

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

7. Taxation

(a) Analysis of taxation charge

	2021 £000s	2020 £000s
UK corporation tax:		
Current Tax	-	-
Total tax charged	-	-

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The difference is explained below:

	£000s	£000s
Profit on ordinary activities before tax for the	190	83
UK Corporation tax at 19.00% (2020: 19.00%)	36	16
Accounting profit / (loss) not taxable in accordance with Statutory Instrument No 3296 The Taxation of Securitisation Companies Regulation 2006	(36)	(16)
Total current tax expense	-	-

(c) Factors affecting the Company current tax charge for the year

The Company has elected to enter the permanent tax regime for securitisation companies. The directors are satisfied that the Company meets the definition of a 'securitisation Company' as defined by both The Finance Act 2005 and subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

8a. Mortgage loans

	2021 £000s	2020 £000s
Mortgage assets movement – gross		
Mortgage assets brought forward	46,919	50,840
Redemptions	(3,913)	(3,921)
Mortgage assets before EIR adjustment	43,006	46,919
Analysis of net mortgage balance		
Gross mortgage assets	43,006	46,919
EIR adjustment	461	548
Impairment provision	(82)	(299)
Net mortgage balance at 31 December	43,385	47,168

Included in the above balance are mortgage loans due within one year totalling £3,650k (2020: £4,994k)

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

8b. Reconciliation of loan loss impairment provision

	2021	2020
	£000s	£000s
Provision for impairment brought forward	(299)	(119)
Amount written off	-	-
Charge/(credit) for the year	217	(180)
Provision for impairment carried forward	<u>(82)</u>	<u>(299)</u>

9. Derivative asset

	Notional value	2021	2020
	£000s	£000s	£000s
Interest rate derivatives	41,011	-	7

10. Debtors: Amounts falling due within one year

	2021	2020
	£000s	£000s
Collection account due	218	105
	<u>218</u>	<u>105</u>

11. Cash at bank and in hand

	2021	2020
	£000s	£000s
Cash deposits with instant access	3,674	2,779
Deposit with Danske Bank A/S (note 20)	10,986	10,986
	<u>14,660</u>	<u>13,765</u>

The deposit with Danske Bank A/S represents the cash held following the draw down on the Liquidity Facility provided by Danske Bank A/S to fund revenue shortfalls at an IPD. The facility was drawn down, as required by the securitisation transaction, following the downgrade of Danske Bank A/S in 2009.

The cash deposit with instant access includes £2.55m (2020: £2.55m) of cash held in relation to the Principal Deficiency Ledger.

12. Liabilities: Amounts falling due within one year

	2021	2020
	£000s	£000s
Audit fees	101	60
Interest due to loan Noteholders	25	24
Amount payable to residual certificate holders	24	-
Interest due to subordinated loans	-	5
Sundry creditors	62	87
	<u>212</u>	<u>176</u>

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

13. Liquidity facility drawdown

	2021 £000s	2020 £000s
Danske Bank A/S – Liquidity facility (note 20)	10,986	10,986

14. Liabilities: Amounts falling due after more than one year

	Relevant margin %	2021 £000s	2020 £000s
Class A3 Floating Rate Notes due 2042	0.19	23,644	25,285
Class B Floating Rate Notes due 2042	0.35	9,404	10,057
Class C Floating Rate Notes due 2042	0.60	5,755	6,155
Class D Floating Rate Notes due 2042	1.00	2,954	3,159
Class E Floating Rate Notes due 2042	3.25	1,759	1,881
Subordinated Loan Notes	5.55	2,559	2,559
Residual certificate holders	0.00	249	252
		46,324	49,348

All the Notes are denominated in sterling. The coupon is paid quarterly based on each interest payment date (IPD) on LIBOR plus relevant Note margin.

Residual certificate holders will be paid any amount left from the waterfall, after paying all the expenses, interest due to note holders, issuer's profit and any shortfall on principal redemption of the Notes, at each interest payment date. In each case there is an option for early repayment which will only be exercised with the prior consent of the Irish Financial Services Regulatory Authority.

The Subordinated Loan Notes are recognised at their principal amount, but in the event of the Security Trustee serving an Enforcement notice, payments will be made in accordance with the "post-enforcement priority of payments" set out in the transaction documents.

15. Derivative liabilities

	Notional value £000s	2021 £000s	2020 £000s
Interest rate derivatives	7,196	6	2
Interest rate derivatives	41,011	12	-
		18	2

16. Called up share capital

	2021 £000s	2020 £000s
<i>Allotted and part paid</i>		
49,998 £1 shares 25% paid and 2 ordinary shares of £1 each- fully paid up	12	12

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

17. Financial instruments

The Company does not trade in financial instruments.

The Company's financial instruments, other than the mortgage-backed floating rate Notes it has issued, comprise mortgage assets, borrowings, derivatives, cash and liquid resources. The main purpose of these financial instruments is to fund the initial origination of mortgages and to provide the Company's working capital. The Note issue structure and interest payments thereon are designed to match the funding and risks inherent in the mortgage portfolios acquired by the Company.

Set out below is the classification of the Company's financial instruments.

	Assets measured at fair value through profit and loss £000s	Assets measured at amortised cost less impairment £000s	Total carrying value £000s
31 December 2021			
Financial assets			
Cash at bank and in hand	-	14,660	14,660
Mortgage loans	-	43,385	43,385
Derivative financial asset	-	-	-
Total financial assets	-	58,045	58,045
	Liabilities at fair value through profit and loss £000s	Amortised cost £000s	Total carrying value £000s
Financial liabilities			
Liquidity facility drawdown	-	10,986	10,986
Long term borrowings	-	46,324	46,324
Derivative financial liability	18	-	18
Total financial liabilities	18	57,310	57,328

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

17. Financial instruments (continued)

	Assets measured at fair value through profit and loss £000s	Assets measured at amortised cost less impairment £000s	Total carrying value £000s
31 December 2020			
Financial assets			
Cash at bank and in hand	-	13,765	13,765
Mortgage loans	-	47,168	47,168
Derivative financial asset	7	-	7
Total financial assets	7	60,933	60,940

	Liabilities at fair value through profit and loss £000s	Amortised cost £000s	Total carrying value £000s
Financial liabilities			
Liquidity facility drawdown	-	10,986	10,986
Long term borrowings	-	46,537	46,537
Derivative financial liability	2	-	2
Total financial liabilities	2	57,523	57,525

On maturity of the loan Notes in November 2042, in accordance with the terms of the loan Notes the Company is contractually obliged to repay the outstanding loan Notes. At 31 December 2021 this amounts to £46,076k (2020: £44,555k).

18. Financial risk management

a) General

The Company raised £303,000k in 2005 by the issue of mortgage-backed floating rate Notes secured on the mortgage portfolios acquired at that time. The Company's activities, and the respective roles and responsibilities of the parties to the transaction (such as swap counterparties, cash manager, servicer etc.) are clearly defined under contractual arrangements between the Company and those parties and are summarised in the transaction prospectus published on 22 November 2005.

The Company's financial instruments comprise debt securities issued on the Euronext Dublin (see Note 14).

Notes (forming part of the financial statements) (continued)
For the year ended 31 December 2021

18. Financial risk management (continued)

a) General (continued)

The risks arising from exposures to the financial instruments are summarised below. When the securitisation was established, the contractual arrangements with counterparties were structured to enable the Company or agents on its behalf to identify all potential risks and take mitigating action as required. In addition, the securitisation was structured with credit enhancements including a reserve fund, which can be used to make good certain shortfalls in the funds available to meet the senior payments including shortfalls of interest payable on the Notes and principal deficiencies and liquidity facility can be used for revenue shortfall in the waterfall on the interest payment date and guarantee from a third party in respect of the A3 Notes to enable the Company to help manage the consequences of any risk materialising.

The principal risks arising from the Company's financial instruments are credit risk, interest risk and liquidity risk.

b) Types of risk

Credit risk

Credit risk arises primarily from the potential for default in the mortgage pool. This risk is managed via the Note Issue terms and conditions whereby credit risk is transferred to the Note holders. All mortgages are secured on residential property, and the Company places strong emphasis on the market value of the properties.

There are no significant concentrations of risk due to the large number of customers within the mortgage portfolio.

The table below shows the Loan to Value for the mortgage portfolio analysed across residential and buy to let facilities.

LTV	2021 £000s	2020 £000s
Less than 50%	24,678	22,122
50% to 70%	18,328	24,609
71% to 100%	-	188
	43,006	46,919
Concentration by sector – carrying amount	2021 £000s	2020 £000s
Residential	18,759	20,723
Buy to let	24,247	26,196
Less impairment provision	(82)	(299)
	42,924	46,620

Notes (forming part of the financial statements) (continued)
For the year to 31 December 2021

18. Financial risk management (continued)

b) Types of risk (continued)

Concentration by location – carrying amount	2021	2021	2020	2020
	£000s	%	£000s	%
London & South East	24,184	56.1%	26,702	57.3
North East & North West	3,829	8.9%	4,134	8.9
Midlands	4,680	10.9%	4,938	10.5
York & Humber	2,434	5.7%	2,697	5.8
South West	2,081	4.9%	2,182	4.7
Wales	2,050	4.8%	2,294	4.9
Northern Ireland	730	1.7%	833	1.8
Scotland	206	0.5%	219	0.5
Other UK	2,812	6.6%	2,920	6.2
Less impairment provision	(82)	(0.1%)	(299)	(0.6)
Total	42,924	100.0	46,620	100

The table below provides further information on residential loans by payment arrears status.

	2021		2020	
	£000s	%	£000s	%
Not impaired				
Neither past due nor impaired (0 to 2 months)	41,319	96.08%	44,317	94.46
Impaired				
Past due 3 to 6 months	452	1.05%	1,216	2.59
Past due 7 to 12 months	500	1.16%	645	1.37
Past due over 12 months	590	1.37%	495	1.06
	1,542	3.59%	2,356	5.02
Possessions	145	0.34%	246	0.52
	43,006	100.0%	46,919	100.0

The maximum exposure to credit risk for the Company is represented by the carrying value of each financial asset as set out below:

	2021	2020
	£000s	£000s
Mortgage loans gross	43,006	46,919
Derivative assets	-	7
Debtors	218	105
Cash at bank and in hand	14,660	13,765
Total on Balance sheet and maximum exposure to credit risk	57,884	60,796

Notes (forming part of the financial statements) (continued)
For the year to 31 December 2021

18. Financial risk management (continued)

Credit risk (continued)

The table below sets out the carrying amount and the approximate fair value of collateral held against exposures to customers. The estimate of fair value is based on the valuation performed at the time of borrowing or re-valued using the house price index (HPI) at 31 December 2021, or the most recent indexed valuation if the loan has been individually assessed as impaired. The fair values of collateral are capped at the lower of mortgage book value or collateral indexed valuation on a loan by loan basis.

	2021	2021	2020	2020
	Gross	Fair value of	Gross	Fair value
	carrying	collateral	carrying	of collateral
	value	£000s	value	£000s
	£000s		£000s	
Mortgage loans	43,006	112,456	46,919	187,242

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times.

To this extent the Company has mitigated the risk by matching the floating rates on the mortgage pool with floating rate liabilities. The rates of interest on both the mortgage pool and floating rate liabilities are reset on the basis of Bank of England Base Rate (BBR) and LIBOR.

The directors regularly monitor the risks associated with any timing differences that arise with the resetting of the LIBOR rates and have entered into interest basis swap agreements with a third party to manage this risk. The principal profiles for each swap are initially input as the expected redemption profile of the individual mortgage pools.

If LIBOR for 3-month sterling deposits was 1% higher or lower, with all other variables held constant, the effect on the Company's net interest income would be immaterial due to the equivalent movements on interest on the loan Notes.

Liquidity risk

Mortgage assets are funded by the issue of non-recourse Notes. Liquidity risk is managed by issuing the Notes prior to or at the same time as the assets are acquired. Cash flow forecasts are used to determine the Company's liquidity requirements. Liquidity risks generated by delinquencies and any ultimate credit losses are managed through the non-recourse nature of the Notes and through liquidity facility with Danske Bank (set out in note 20).

Notes (forming part of the financial statements) (continued)
For the year to 31 December 2021

Liquidity risk (continued)

The contractual undiscounted cash flows associated with financial liabilities were as follows:

	Carrying value	Expected gross cash flows	Within 3 months	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years
As at 31 December 2021	£000s	£000s	£000s	£000s	£000s	£000s
Liquidity facility drawdown	10,986	10,986	-	10,986	-	-
Derivative liability	18	18	1	2	6	9
Long term borrowings	46,076	49,419	933	2,586	16,027	29,873
As at 31 December 2020						
Liquidity facility drawdown	10,986	10,986	-	10,986	-	-
Derivative liability	2	2	-	-	2	-
Long term borrowings*	49,095	52,783	173	637	11,013	40,960

*The expected gross cash flows in relation to Long term borrowings, as at 31 December 2020, have been adjusted to include cash flows arising from future interest payments.

Foreign currency risk

All the Company's assets and liabilities are denominated in sterling. There is no currency risk.

The mortgage-backed floating rate Notes as included in the above analysis are anticipated to be repaid in line with the redemption profile of the mortgages.

It should be noted that many financial instruments are settled earlier than the contractual maturity dates.

19. Financial instruments held at fair value

Fair values are determined by using the following fair value hierarchy that reflects the significance of the inputs in measuring fair value:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Notes (forming part of the financial statements) (continued)
For the year to 31 December 2021

19. Financial instruments held at fair value (continued)

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

	Valuation based on			Total
	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	£000s	£000s	£000s	£000s
31 December 2021				
Derivative Financial Assets	-	-	-	-
Derivative Financial liabilities	-	-	18	18

	Valuation based on			Total
	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	£000s	£000s	£000s	£000s
31 December 2020				
Derivative Financial Assets	-	-	7	7
Derivative Financial liabilities	-	-	2	2

20. Liquidity facilities

The Company entered into a renewable 364 day Liquidity Facility Agreement with Danske Bank A/S as part of the Securitisation transaction. The purpose of the liquidity facility is to fund reserve shortfalls at an IPD. The facility has been renewed each year with the current facility renewed on 3 November 2021.

Following the downgrade by Standard & Poor's on 5 February 2009 of short term rating of Danske Bank A/S the Liquidity Facility Provider, the Company exercised its contractual entitlement to draw down the full available commitment amount in accordance with the terms of the Liquidity Facility Agreement and as required under the terms of the Securitisation transaction documentation.

Standard & Poor's ratings agency, on 9 June 2015 downgraded Barclays Bank and the Company had to seek an alternative bank to provide banking facility. On 17 June 2015, Moody's upgraded Danske Bank's short-term rating to P1 from P2. On 20 January 2016, the Company transferred the fund to a separate Danske Bank A/S account and at 31 December 2021 was held with the bank as follows:

	2021	2020
	£000s	£000s
Liquidity facility drawn	10,986	10,986

Notes (forming part of the financial statements) (continued)
For the year to 31 December 2021

21. Related party transactions

Under the terms of a corporate service agreement Law Debenture Corporate Services Limited is contracted to provide certain corporate services including a registered office, administration and directors among other things for which it charges a corporate service fee. The amount accrued at year end was £6k (2020: £9k).

	2021	2020
	£000s	£000s
Corporate service fee	17	32

22. Ultimate parent undertaking

The Company's immediate parent company is Oakwood Global Assets Limited, a Company registered in England and Wales. All of the shares of Oakwood Global Assets Limited are held by The Law Debenture Intermediary Corporation PLC under declaration of trust for discretionary charitable purposes. As a result, Oakwood Global Assets Limited is considered to be the ultimate parent Company and the ultimate Company that the results of the Company are consolidated. Copies of the financial statements of The Law Debenture Intermediary Corporation PLC may be obtained from Law Debenture Corporate Services Limited, 8th Floor, 100 Bishopsgate, London, EC2N 4AG.

23. Subsequent events

With the cessation of LIBOR, the Company has been working with the transaction parties and advisors to move to a new reference rate for calculating the interest on the Notes. As such the Company launched separate consent solicitation memoranda for the underlying interest reference rate for the Notes denominated in Pounds Sterling to be changed from LIBOR to Compounded Daily SONIA with an additional spread adjustment of 0.1193% on top of the existing Note interest margin. This required amendments to the transaction documentation for the Series, including the swaps, and came into effect from the Interest Payment Date falling on 25 February 2022.

There were no other reportable subsequent events between the balance sheet date and date of signing this report that would meet the criteria to be disclosed or adjusted.