Registered number: 06150332

UNIFUND PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

UNIFUND PLC

COMPANY INFORMATION

DIRECTORS	Apex Corporate Services (UK) Limited Apex Trust Corporate Limited Colin Benford	
COMPANY SECRETARY	Apex Trust Corporate Limited	
REGISTERED NUMBER	06150332	
REGISTERED OFFICE	*After 20 March 2023* 6th Floor 125 London Wall London England EC2Y 5AS	*Up to 20 March 2023* Bastion House 6th Floor, 140 London Wall London England EC2Y 5DN
INDEPENDENT AUDITOR	Mazars LLP 30 Old Bailey London EC4M 7AU	
BANKER	National Westminster Bank Plc 250 Bishopsgate London EC2M 4AA	

UNIFUND PLC

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UNIFUND PLC
STRATEGIC REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

INTRODUCTION

The directors (the "Directors") present their strategic report of Unifund Plc (the "Company" or the "Issuer") for the financial year ended 30 September 2022.

The Company was incorporated in the United Kingdom and registered in England and Wales on 9 March 2007, as a public company with limited liability under the Companies Act 2006.

The Company is a Special Purpose Vehicle established to issue fixed rate loan notes; "borrowings", due 7 December 2047 (the "Notes"). The proceeds of £134,674,448 from the issue of the above Notes were used to advance two loans; "loan receivables" (the "Loans") to the University of Sheffield and the University of Reading (the "borrowers" or the "universities") with nominal values of £60,000,000 and £70,000,000 respectively. The Company paid a net premium of £3,708,258 on the Loan purchase (note 8).

Ambac Assurance UK Limited ("Ambac") is the Financial Guarantor of the deal, and has issued a financial guarantee in respect of each loan note ("Loan Financial Guarantees") as and when such loan note was issued by the Company. The benefit of the Loan Financial Guarantees was assigned to the Issuer Security Trustee ("Apex Trust Company Limited") on behalf of the Secured Creditors ("Guaranteed Secured Bonds holders" see note 11).

BUSINESS REVIEW

The Company performed as expected during the financial year. The Company has achieved a profit after tax of £566 (2021: £565) and has not breach any of its contractual financial obligations. The underlying borrowers serviced their Loans adequately during the year with no defaults and are envisaged to continue doing so for the foreseeable future. According to their annual audited financial statements for the year ended 31 July 2022, University of Reading had a loss before tax of £48,393,000 (2021: profit of £26,317,000) and University of Sheffield had a loss before tax of £72,500,000 (2021: profit of £47,600,000) as at 31 July 2022. However, both universities have positive net asset position as at 31 July 2022. The universities also produce annual compliance certificates where they have to meet certain covenants for their year end. Despite noting the loss this year for both universities, however, based on the strength of the universities' statement of financial position and their annual compliance certificate, the Directors continue to expect to recover the Loans in full and no provision has been made for an impairment since the Company met all its contractual financial obligations during the financial year and is expected to meet them subsequent to year end. In addition, both universities have provided management accounts which shows that the covenants are still complied with to give the Directors comfort.

FUTURE DEVELOPMENTS

No changes in the principal activities of the Company are foreseen.

KEY PERFORMANCE INDICATORS

Key performance indicators for the Company are net interest income and impairment losses. The net interest income for the financial year was £120,788 (2021: £75,429) and management opted not to book any impairment charge (2021: £nil). The fluctuation in net interest was due to the increase of deferred guarantee fees which is included in interest expense (see note 4), this led to a reduction in the interest expense, which in turn increasing the net interest income. The Company does not have any non-financial key performance indicators.

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

Certain estimates in the financial statements are based wholly or in part on estimates or assumptions made by the Directors, mainly the impairment provision, taking into consideration the current market and prevailing economic conditions, whereby there has been an increase in the interest rate in the United Kingdom and the on-going Ukraine and Russian conflict which do not have any material impact on the preparation of these financial statements. There is, therefore, a risk that these may be subject to change in future periods. The Company's financial instruments comprise the Loan assets, cash and cash equivalents, the Notes, and various receivables and payables that arise directly from its operations. As per the Company's policy, no trading in financial instruments was undertaken for the financial year ended 30 September 2022.

Because the payment and receipt of interest on the loan notes and loans is fixed, the main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing these and the other risks arising on the Company's financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due. The Company's policy is to manage liquidity risk by contractually matching the timing of the cash receipts from the Loans receivable with those of the cash payments due on the loan notes. The Company maintains adequate cash reserves to cover other operational costs.

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by having comfort that there are no defaults on the semi annual interest receipts from the universities. The universities also produce annual compliance certificates where they have to meet certain covenants for the current year. In addition, the Company monitors the financial performance of both universities by reviewing their management accounts.

The University of Reading had a loss before tax but considering the net asset position, the Directors continue to expect to recover the loans in full. In addition, the University of Reading has provided management accounts which shows that the covenants are still complied with, against the financial information received subsequent to the financial year ended to give the Directors comfort.

The University of Sheffield had a loss before tax but positive net asset position. The Directors expect the loans to be recovered in full. Considering both universities have provided management accounts position, the Directors believe that the covenants are met.

Currently there are no items on the latest management account from the Universities suggesting that the financial position of the Universities and ability to meet its contractual obligations is at risk, therefore, Directors are confident that the Universities would be in a position to pay off their debt.

GOING CONCERN

The terms of the notes issued by the Company and associated securitisation arrangements are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. At the end of the securitisation, any losses incurred due to defaults by the borrowers and resulting cash shortages are absorbed by the note holders according to the priority of payments as defined in the offering circular.

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. In addition, the Company has not breached any redemption triggering events referred to in the offering circular, nor, based on information currently available, do the Directors foresee any triggering events occurring in the next 12 months. The Directors therefore consider it appropriate to adopt the going concern basis in preparing the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR END

Russian and Ukrainian conflict

On 24 February 2022, Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. However, as at date, there has been no impact as such on the Company activities.

The Directors have considered the impact of the events on the financial statements and have concluded that there has been no material financial impact.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

There were no significant events that occurred subsequent to the financial year that impacted the preparation of these financial statements.

UNIFUND PLC
STRATEGIC REPORT (continued)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

DIRECTORS' DUTIES AND SECTION 172 STATEMENT

The Directors are well aware of their duty to act in accordance with the Companies Act. These include a fundamental duty to promote the success of the Company for the benefit of its members as a whole. This duty is central to the Board's decision-making processes and outcomes.

a) The likely consequences of any decision in the long-term

The Company is a Special Purpose Vehicle established to issue fixed rate loan notes; "borrowings", due 7 December 2047 (the "Notes"). The proceeds of £134,674,448 from the issue of the above Notes were used to advance two loans; "loan receivables" (the "Loans") to the University of Sheffield and the University of Reading (the "borrowers" or the "universities") with nominal values of £60,000,000 and £70,000,000 respectively. The Directors are of opinion that the Company does not have any intention to wind up in the foreseeable future.

b) Interests of the Company's employees

The Company has no employees and services required are contracted to its related party.

c) The need to foster the Company's business relationships with suppliers, customers and others

The Directors consider the principal business relationship of the Company to be the relationship with the universities and noteholders. The Board believes that through maintaining regular contact and being transparent in all dealings with these parties a positive business relationship has been achieved.

The Directors ensure that all business decisions are taken in the interest of the key stakeholders, namely the note holders.

d) The desirability of the Company maintaining a reputation for high standards of business conduct

The Board recognises the importance of the business's reputation with its funding providers. To this end, the Company has always complied with the terms of the Notes and other liabilities as stipulated by lenders, on time and in full.

The universities also produce annual compliance certificates where they have to meet certain covenants for the current financial year. The Directors reviewed both the Loan covenants and financial information from the borrowers and it was noted that they both have capacity to meet its contractual cash flow obligations in the near term.

e) The need to act fairly as between members of the Company

All the Company's £12,500 ordinary share capital are held by Apex Trust Nominees No.1 Limited, a Company incorporated in the United Kingdom under the terms of a discretionary trust, ultimately for charitable purposes.

This report was approved by the Board on 30 June 2023 and signed on its behalf by:

CAB

Colin Benford
Director

UNIFUND PLC
DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The Directors present their annual report and the audited financial statements of the Company for the financial year ended 30 September 2022.

DIRECTORS' RESPONSIBILITIES STATEMENT
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 the Directors have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards ("IASs") in conformity with the requirement of the Companies Act 2006..

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 the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

RESULTS AND DIVIDENDS
The results for the year and the state of the Company's affairs are set out in the accompanying financial statements. The profit for the financial year was £566 (2021: £565). No dividends were declared or paid by the Company during the financial year (2021: £nil).

DIRECTORS
The Directors who served during the financial year were:

Apex Corporate Services (UK) Limited
Apex Trust Corporate Limited
Colin Benford

MATTERS COVERED IN THE STRATEGIC REPORT
Disclosure of the Company's future developments, financial risk management, significant events during the financial year and going concern assessment are provided in the Strategic report.

EMPLOYEES
The Company had no employees during the financial year (2021: none).

DISCLOSURE OF INFORMATION TO AUDITORS
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS INDEMNITY INSURANCE
The Company does not maintain cover for the Directors against liabilities which may be incurred by them whilst acting as Directors.

INDEPENDENT AUDITOR
The auditors, Mazars LLP, will be proposed for reappointment in accordance with Section 489 of the Companies Act 2006.

This report was approved by the Board on 30 June 2023 and signed on its behalf by:

Colin Benford
Director

Independent auditor's report to the members of Unifund PLC

Opinion

We have audited the financial statements of Unifund PLC (the 'company') for the year ended 30 September 2022 which comprise of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of the company's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Challenging the appropriateness of the directors' key assumptions in their going concern assessment by reviewing supporting and contradictory evidence in relation to these key assumptions;
- Assessing and challenging key assumptions in relation to the global economic uncertainty
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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 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.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Credit Risk in relation to the allowance for impairment losses Refer to accounting policies note (1.8), note 8 and note 14 of the financial statements. The allowance for impairment losses is an inherently judgmental area due to the use of subjective assumptions and a high degree of estimation. IFRS 9 requires allowance for impairment losses to be determined on an Expected Credit Loss ('ECL') basis. The entity uses a model to determine the expected losses which requires judgement when determining the input parameters and requires assumptions in determining the probability of default. Due to the subjective nature of these assumptions, there is an increased risk or error. The allowance for impairment losses relating to the entity's exposure to credit risk requires the directors to make judgement over the ability of the counterparties to make future loan repayments. Additional judgement is required to determine staging allocation where quantitative and qualitative metrics are considered to identify whether there has been a significant increase in credit risk An ECL is recorded to the extent it is considered material to the entity. The ECL charge for 2022 is £nil (2021:£nil).	Our procedures relating to the loan balances included: • Review of the loan agreements and verified that interest payments made in the year are in accordance with agreements; • Obtained confirmation of the outstanding loan balances directly from the universities. Our procedures on the model used to determine expected credit losses included: • Obtained and reviewed management's impairment assessment and latest audited financial statements of the universities for indications of financial stress; • Obtained and reviewed loan covenant compliance certificates from the universities and validated the financial data to the latest audited financial statements of the universities; • Considered the appropriateness of methodology used by management; • Tested the mathematical integrity of the model; • Reviewed the assumptions used in applying the methodology adopted and assessed them for reasonableness; • Tested the completeness of the loan portfolio applied to the model; • Tested the process in place at the company to allocate loans to the IFRS 9 credit risk stages; • Assessed the suitability and relevance of the key assumptions applied to determine probability of default; and • Engaged our internal specialists to review the appropriateness of the assumptions. **Our observations** Based on the work performed, we found that the assumptions used by management in the impairment assessment are reasonable and that the allowance for impairment losses as at 30 September 2022 is consistent with the requirements of IFRS 9.

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

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 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 materiality	1,364,000
How we determined it	1% of total assets
Rationale for benchmark applied	We consider total assets as the key benchmark as it is the main driver of repayments to the loan note holders. As such, we based our materiality levels based on this benchmark.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £1,023,000 which represents 75% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £41,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of. the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- the company 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Anti- money laundering and Data protection laws and regulations.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

To help us identify instances of non-compliance with these laws and regulations and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- At the planning stage, we gained an understanding of the legal and regulatory framework applicable to the company, the industry in which it operates and considered the risk of acts by the company which were contrary to the applicable laws and regulations;
- We discussed with the directors the policies and procedures in place regarding compliance with laws and regulations;
- We discussed amongst the engagement team, the identified laws and regulations, and remained alert to any indications of non-compliance;
- During the audit, we focused on 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 discussions with the directors, from inspection of the company's regulatory and legal correspondence and review of minutes of directors' meetings in the year;
- We identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory requirements of the FCA.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud, such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loan impairments; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any "Key audit matters" relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

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

Other matters which we are required to address

We were initially appointed to audit the financial statements for the period ended 30 September 2017 and subsequent financial periods. We were reappointed by the Board of directors on 07 December 2021 to audit the financial statements for the year ended 30 September 2021 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the periods ended 30 September 2017 to 30 September 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the board of directors.

Use of the audit report

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

Martin Orme

Martin Orme (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London

EC4M 7AU

Date 30 June 2023

UNIFUND PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Notes	Financial year ended 30-Sep-22 £	Financial year ended 30-Sep-21 £
Interest income	3	6,937,021	6,917,421
Interest expense	4	(6,816,233)	(6,841,992)
Net interest income		**120,788**	**75,429**
Administrative expenses	5	(120,089)	(74,731)
Profit before income tax	6	**699**	**698**
Taxation	7	(133)	(133)
Profit for the financial year		**566**	**565**
Other comprehensive income		-	-
Total comprehensive income		**566**	**565**

All amounts relate to continuing operations.

The notes on pages 16 to 28 form an integral part of the financial statements.

UNIFUND PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

Registered number: 06150332

	Notes	30-Sep-22 £	30-Sep-21 £
ASSETS			
Non-current assets			
Loan receivables	8	133,278,077	133,293,719
Current assets			
Trade and other receivables	9	2,352,334	2,394,857
Cash and cash equivalents	10	757,491	822,654
		3,109,825	3,217,511
TOTAL ASSETS		**136,387,902**	**136,511,230**
LIABILITIES			
Non-current liabilities			
Borrowings	11	134,066,147	134,093,762
Current liabilities			
Trade and other payables	12	2,301,045	2,397,324
Corporation tax payable		665	665
		2,301,710	2,397,989
TOTAL LIABILITIES		**136,367,857**	**136,491,751**
NET ASSETS		**20,045**	**19,479**
EQUITY			
Called up share capital	13	12,500	12,500
Retained earnings		7,545	6,979
		20,045	**19,479**

The financial statements of Unifund Plc, Company registration No. 06150332 were approved and authorised for issue by the Board and were signed on its behalf on 30 June 2023 by:

Colin Benford
Director

The notes on pages 16 to 28 form an integral part of the financial statements.

UNIFUND PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance as at 1 October 2020	12,500	6,414	18,914
Total comprehensive income for the financial year	-	565	565
Balance as at 30 September 2021	**12,500**	**6,979**	**19,479**
Balance as at 1 October 2021	12,500	6,979	19,479
Total comprehensive income for the financial year	-	566	566
Balance as at 30 September 2022	**12,500**	**7,545**	**20,045**

The notes on pages 16 to 28 form an integral part of the financial statements.

UNIFUND PLC
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Financial year ended 30-Sep-22 £	Financial year ended 30-Sep-21 £
Operating activities:		
Operating profit before tax	699	698
Amortisation of premium and transaction costs	(11,973)	(11,390)
Interest income on loan	(6,949,230)	(6,932,209)
Interest expense on note	6,869,148	6,878,483
Increase/(decrease) in prepayment and other receivables	(247)	6,188
Decrease in other payables	(49,427)	(5,910)
Cash (outflow)/inflow from operations	**(141,030)**	**(64,140)**
Cashflow from operating activities		
Interest received	6,992,000	6,980,171
Interest paid	(6,916,000)	(6,916,000)
Corporation tax paid	(133)	(118)
Net cash outflow from operating activities	**(65,163)**	**(87)**
Net decrease in cash and cash equivalents	**(65,163)**	**(87)**
Cash and cash equivalents at beginning of financial year	**822,654**	**822,741**
Cash and cash equivalents at end of financial year	**757,491**	**822,654**

During the financial year, the Company received interest income of £6,992,000 (2021: £6,980,171) and paid interest expense of £6,916,000 (2021: £6,916,000).

The notes on pages 16 to 28 form an integral part of the financial statements.

1 ACCOUNTING POLICIES

General Information
These financial statements are presented in pounds Sterling ("£") because that is the currency of the primary economic environment in which the Company operates.

A summary of the principal accounting policies, all of which have been applied consistently throughout the financial year, is set out below.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with UK adopted International Accounting Standards ("IASs") in conformity with the requirements of the Companies Act 2006.

Due to the fact that the nature of the business is to provide finance, the Directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the statement of comprehensive income, similarly interest income and interest expense are considered operating cash flows in the preparation of the cash flow statement.

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. In addition, the Company has not breached any redemption triggering events referred to in the offering circular, nor, based on information currently available, do the Directors foresee any triggering events occurring in the next 12 months. The Directors therefore consider it appropriate to adopt the going concern basis in preparing the financial statements.

The terms of the notes issued by the Company and associated securitisation arrangement are such that amounts due are only payable to the extent that there are sufficient receipts from the Company's assets. At the end of the securitisation, any losses incurred due to defaults by the borrowers and resulting cash shortages are absorbed by the note holders according to the priority of payments as defined in the offering circular.

University of Sheffield and University of Reading both had a loss before tax and this is mainly due to increase in staff cost and other expenditure. Due to the Universities net asset positions as at 31 July 2022 and their annual compliance certificate, the Directors continue to expect to recover the Loans in full. Both universities have provided signed financial statements which shows that the covenants are still complied and commitment are met.

1.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense, in particular over recoverability of assets. Management has based these judgements, estimates and assumptions on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the company. These judgements, estimates and assumptions are adjusted in the normal course of business to reflect changing underlying conditions. Actual results may differ from these estimates used in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis with regards to the impairment of Loans receivable and the expected credit loss. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods. The key estimates and assumptions used by the Company are discussed below.

Impairment of Loans receivable
The measurement of the expected credit loss can either be done over the expected life of the financial instrument or over 12 months after the reporting date. This loan stage assessment is determined by the credit risk assessment performed by the Directors. As at the reporting date, the Directors deemed the credit risks to be low, despite assumption of uncertainties that may arise to meet the contractual obligation, from the Borrowers. The Directors came to that conclusion as there has been no significant increase in credit risk since origination and that there is no material uncertainty that the Borrowers will have material adjustment in the next financial year. In addition, the Directors reviewed both the Loan covenants and financial information from the borrowers and it was noted that they both have capacity to meet its contractual cash flow obligations in the near term.

1 ACCOUNTING POLICIES (continued)

1.3 Interest income and receivable

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount. The effective interest rate discounts estimated future cash receipts, taking into account the premium on the loans purchased.

1.4 Interest expenses and accrued expenses

Expenses include administration, advisory and audit fees and are recognised on an accruals basis.

Interest expense is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability to that liability's carrying amount. Both transaction costs and the bond premium (note 11) are amortised through interest expense using the effective interest rate. Interest expense also includes the deferred guaranteed fee for the period.

1.5 Deferred Guarantee Fees

Deferred guarantee fees are included in interest expense in the statement of comprehensive income. A deferred guarantee fee is payable to the Financial Guarantor on any interest payment date dependent on the residual cash between the difference of net interest income, from the Loan receivable and borrowings, and the administrative costs recognised by the Company (see note 4). Deferred guarantee fees are recognised on an accruals basis.

1.6 Taxation

The Company has elected to be taxed under the "permanent" tax regime for securitisation companies (contained in Statutory Instrument 2006/3296), under which the Company is taxed broadly by reference to its net cash flows during the financial year.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Interest income receivable on cash and cash equivalents is accounted for on an accruals basis using the effective interest rate method.

1.8 Financial instruments - initial recognition and subsequent measurement

IFRS 9 requires that, at each assessment date, an entity shall measure the loss allowance for a financial instrument at an amount equal to 12-month expected credit losses (the "12-month ECL") if the credit risk on the financial instrument has not increased significantly since initial recognition. If, however, at the assessment date the credit risk on that financial instrument has increased significantly since initial recognition, the entity shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses.

Therefore, the general approach has two bases on which to measure expected credit losses:

- Lifetime expected credit losses are the results from all possible default events over the expected life of a financial instrument; and
- 12-month expected credit losses are a portion of the expected credit losses that represents the expected credit losses that result from default events on a financial instrument which are possible within 12 months after the assessment date.

Following are the stages for categorizing loans to determine the ECLs usually:

Performing loan (Stage 1): The recognition of 12-month expected credit losses, the portion of lifetime expected credit losses from default events that are expected within 12-months from the assessment date, if the credit risk of the borrower has not increased significantly since initial recognition;

Underperforming Loan (Stage 2): Loan that is more than 90 days in arrears as at the assessment date, lifetime expected credit losses are recognised reflecting the increased credit risk since initial recognition, there are other existing indicators of an increase in credit risk; and

Non-performing loans (Stage 3): Lifetime expected credit losses for loans that are in default and a repossession is required reflecting the impairment of the asset.

1 ACCOUNTING POLICIES (continued)

1.8 Financial instruments - initial recognition and subsequent measurement (continued)

Definition of default

IFRS 9 provides guidance that when defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

For the purposes of the Fund's credit risk oversight, a significant increase in credit risk is identified when a loan goes into arrears exceeding 30 days. This period is reasonable given that the basis on which these loans are monitored and managed by the servicer. An arrears exceeding 90 days would indicate that the loan is credit impaired. The loan moves to the Stage 2 when it goes into arrears exceeding 30 days from the expected payment date and further moves to the Stage 3 when the arrears exceeds 90 days.

While estimating credit risk of the Loans, we understand that there has been no arrears in the interest payments by the borrowers as of the assessment date. Therefore, as described in the credit rating assessment sections below, we understand that there has not been a significant increase in the credit risk of the borrowers since initial recognition. As such, we categorized the Loans as Stage 1.

Loan receivable

The Loans are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Any impairment recognised is calculated using an expected credit loss model, and more information has been included in note 14.

Loan note issued

The Loan notes issued are classified as other financial liabilities and are initially recognised at fair value at the date of issuance of the liabilities, and are subsequently measured at amortised cost using the effective interest rate method.

1.9 Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained all the risks and rewards or the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1 ACCOUNTING POLICIES (continued)

1.9 Derecognition of financial assets and financial liabilities (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

1.10 Segmental analysis

The principal asset of the Company is the beneficial interest in the Loans to universities originated in the UK which is funded by fixed rate Notes issued in the United Kingdom. As such, the Company has one reportable operating segment. The Directors do not consider it necessary to give more analysis based on the activities of the Company.

1.11 New and amended IFRS standards

(i) Standards issue and effective for adoption.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Amendments to IFRS 3 – Reference to the Conceptual Framework

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

IFRS 1: First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

The adoption of the above mentioned standards have not had any material impact on the disclosures or on the amounts reported in these financial statements.

1 ACCOUNTING POLICIES (continued)

1.11 New and amended IFRS standards (continued)

(ii) Standards issue, but not yet effective for adoption.

Description	Effective date*
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17: Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The Company has not adopted any of these standards, amendments or interpretations early, and does not intend to adopt any before their mandatory effective date. The adoption of the above mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the company's financial statements.

2 DIRECTORS AND EMPLOYEES

None of the Directors received any emoluments for their services to the Company during the current financial year (2021: nil). None of the Directors had any material interest in any contract of significance in relation to the business of the Company (2021: nil).

The Company does not have any employees (2021: none).

3 INTEREST INCOME

	30-Sep-22	30-Sep-21
	£	£
Interest income on the Loans (refer to note 8)	6,933,588	6,917,361
Bank interest income	3,433	60
	6,937,021	6,917,421

All income is derived from the Company's principal activity in the UK. Interest income on the Loans comprises of an amortisation of £15,642 (2021: £14,848)

4 INTEREST EXPENSE

	30-Sep-22	30-Sep-21
	£	£
Interest payable on the Loan notes (refer to note 11)	6,841,533	6,852,245
Deferred guarantee fees (refer to note 12)	(25,300)	(10,253)
	6,816,233	6,841,992

Interest income on the Loans comprises of an amortisation of £27,615 (2021: £26,238)

5 ADMINISTRATIVE EXPENSE

	30-Sep-22	30-Sep-21
	£	£
Administration fees	52,892	32,155
Audit fees	64,082	35,075
Legal fees	3,115	7,500
Bank charges	-	1
	120,089	74,731

6 PROFIT BEFORE INCOME TAX

	30-Sep-22	30-Sep-21
	£	£
The profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration (inclusive of VAT) for the audit of the Company's statutory accounts	64,082	35,075
Management and professional service fees	56,007	39,656

7 TAXATION

Tax is based on the results for the financial year and comprises:

	30-Sep-22	30-Sep-21
	£	£
Current tax expense	133	133
UK corporation tax charge on profit for the financial year	133	133

Factors affecting tax charge for the financial year

The tax expense for the Company is:

	30-Sep-22	30-Sep-21
	£	£
Profit on ordinary activities before tax	699	698

	30-Sep-22	30-Sep-21
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	133	133
Effects of:		
Accounting profits not taxable under SI 2006/3296 s14(4)	(133)	(133)
Taxable amount brought in under SI 2006/3296 s14(1)(a)(ii)	133	133
Current tax charge for the financial year	133	133

Corporation tax reconciliation:

	30-Sep-22	30-Sep-21
Opening corporation tax balance	665	650
Tax paid during the financial year	(133)	(118)
Tax for the financial year	133	133
Closing corporation tax balance	665	665

Under the powers conferred by the Finance Act 2005, secondary legislation was enacted in November 2006 which ensures that, for periods commencing on or after 1 January 2007, corporation tax for a securitisation company is calculated by reference to a statutory formula such that, broadly, the Company is taxed by reference to its net cash margin. The cash margin equates to the accounting profit because from 2012, any excess or deficit of the cash margin over/under the accounting profits is accrued as deferred consideration in the period (see note 1.6). The relevant secondary legislation, contained in Statutory Instrument 2006/3296, confers the right for securitisation companies to elect into this "permanent" taxation regime. This election is not mandatory.

The Directors are satisfied that this Company meets the definition of a securitisation company as defined by both Finance Act 2005 and the subsequent legislation and that no incremental unfunded tax liabilities will arise.

8 LOAN RECEIVABLES

	30-Sep-22	30-Sep-21
	£	£
Loans falling due after more than five years	133,278,077	133,293,719

The Loans are to the University of Sheffield and the University of Reading with a principal value of £60,000,000 and £70,000,000 respectively and are due for repayment on 19 November 2047. The Directors do not expect the Loan notes to be redeemed before its contractual maturity date. The Loans are on fixed rate terms:

	Interest rate	30-Sep-22	30-Sep-21
		£	£
University of Sheffield	5.33%	60,000,000	60,000,000
University of Reading	5.42%	70,000,000	70,000,000
		130,000,000	130,000,000
Premium		3,708,258	3,708,258
Less: cumulative amortisation of premium		(430,181)	(414,539)
		133,278,077	133,293,719

9 TRADE AND OTHER RECEIVABLES

	30-Sep-22	30-Sep-21
	£	£
Prepayments and other receivables	3,279	3,032
Interest receivable on the Loans	2,349,055	2,391,825
	2,352,334	2,394,857

10 CASH AND CASH EQUIVALENTS

	30-Sep-22	30-Sep-21
	£	£
Cash at bank	757,491	822,654

11 BORROWINGS

	Interest rate	30-Sep-22	30-Sep-21
		£	£
Loan notes - Tranche 1	5.32%	60,000,000	60,000,000
Loan notes - Tranche 2	5.32%	70,000,000	70,000,000
		130,000,000	130,000,000
Premium		7,192,900	7,192,900
Less: Transaction costs		(2,518,452)	(2,518,452)
Less: Cumulative amortisation of bond premium and transaction costs		(608,301)	(580,686)
		134,066,147	134,093,762

The above Loan notes are fixed interest Guaranteed Secured Bonds due 7 December 2047 issued at 105.533 per cent of the nominal amount on issuance ("Aggregate Nominal Amount"). The premium and transaction costs are amortised over the life of the Notes at the effective interest rate.

The Notes were unconditionally and irrevocably guaranteed under the terms of a bond financial guarantee issued by Ambac Assurance UK Limited.

The primary source of funds for the payment of interest and principal on the Notes is the right of the Company to receive payments of interest and repayment of principal in respect of the Loans (as defined in note 8).

The Notes are listed on the London Stock Exchange.

12 TRADE AND OTHER PAYABLES

	30-Sep-22	30-Sep-21
	£	£
Deferred guarantee fees (see below)	332,968	358,268
Interest payable on notes issued	1,919,185	1,966,038
Accruals	48,892	73,018
	2,301,045	2,397,324

12 TRADE AND OTHER PAYABLES (continued)

Deferred guarantee fees reconciliation:

	30-Sep-22	30-Sep-21
	£	£
Year ended 30 September 2007 - Accrual of accounting deficit	(65,380)	(65,380)
Year ended 30 September 2008 - Accrual of accounting surplus	38,906	38,906
Year ended 30 September 2009 - Accrual of accounting surplus	37,541	37,541
Year ended 30 September 2010 - Accrual of accounting surplus	46,829	46,829
Year ended 30 September 2011 - Accrual of accounting surplus	44,713	44,713
Year ended 30 September 2012 - Accrual of accounting surplus	47,777	47,777
Year ended 30 September 2013 - Accrual of accounting deficit	(46,231)	(46,231)
Year ended 30 September 2014 - Accrual of accounting deficit	(62)	(62)
Year ended 30 September 2015 - Accrual of accounting surplus	52,470	52,470
Year ended 30 September 2016 - Accrual of accounting surplus	38,246	38,246
Year ended 30 September 2017 - Accrual of accounting surplus	24,380	24,380
Year ended 30 September 2018 – Accrual of accounting surplus	26,935	26,935
Year ended 30 September 2019 – Accrual of accounting surplus	29,977	29,977
Year ended 30 September 2020 – Accrual of accounting surplus	92,420	92,420
Year ended 30 September 2021 – Accrual of accounting deficit	(10,253)	(10,253)
Year ended 30 September 2022 – Accrual of accounting deficit (refer to note 4)	(25,300)	-
	332,968	358,268

The deferred guanantee fee is as per the terms of the bond financial guarantee issued by Ambac. Any surplus or deficit during the year is recharge or booked for Ambac which is repayable or redeemed as per the priority of payment upon an event of default or at maturity.

13 CALLED UP SHARE CAPITAL

	30-Sep-22	30-Sep-21
	£	£
Allotted and called up		
50,000 (2021: 50,000) - Ordinary shares, with a nominal value of £1, have been paid at £0.25 each	12,500	12,500

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

14 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise two tranches of loan receivables and fixed rate loan notes payable. Cash, accrued interest income, accrued interest payable and other items arise directly from its operations.

It is and has been throughout the financial year, the Company's policy that no trading in financial instruments shall be undertaken.

Because the payment and receipt of interest on the loan notes and loans is fixed, the main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below. All transactions and financial instruments are denominated in the Company's functional currency ("Sterling") and consequently no currency exposure arises.

Interest rate risk management

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. The interest rates on the loans and notes issued are fixed rate.

14 FINANCIAL INSTRUMENTS (continued)

Effective interest rates and repricing analysis

	Effective interest rate	Total	Floating rate	Fixed rate
		£	£	£
As at 30 September 2022				
Assets				
Cash and cash equivalents	-	757,491	757,491	-
Loans	5.21%	133,278,077	-	133,278,077
Liabilities				
Loan notes	5.11%	(134,066,147)	-	(134,066,147)
		(30,579)	757,491	(788,070)
As at 30 September 2021				
Assets				
Cash and cash equivalents	-	822,654	822,654	-
Loans	5.21%	133,293,719	-	133,293,719
Liabilities				
Loan notes	5.11%	(134,093,762)	-	(134,093,762)
		22,611	822,654	(800,043)

Liquidity risk

The Company's policy is to manage liquidity risk by contractually matching the timing of the cash receipts from the loans receivable with those of the cash payments due on the loan notes. Although both the loans and notes were issued at a fixed rate, the rate on the loans is higher than the notes. This creates a reserve to cover other operational costs.

Maturity of financial assets and liabilities

The following maturity profile details the Company's expected maturity for its non derivative financial assets and is based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period:

Financial assets

	30-Sep-22	30-Sep-21
	£	£
In one year or less, or on demand	6,992,000	7,814,654
In more than one year but not more than five years	27,968,000	27,968,000
In more than five years	273,336,000	280,328,000
	308,296,000	316,110,654

The following maturity profile details the Company's remaining contractual maturity for its non derivative financial liabilities and is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay including interest and principal cash flows:

Financial liabilities

	30-Sep-22	30-Sep-21
	£	£
In one year or less, or on demand	6,916,000	6,916,000
In more than one year but not more than five years	27,664,000	27,664,000
In more than five years	271,778,000	278,694,000
	306,358,000	313,274,000

14 FINANCIAL INSTRUMENTS (continued)

Credit risk

The loans have been advanced to two universities; therefore the credit risk is not concentrated to one counterparty. All the interest payments due on the loan portfolio were received on time during the financial year. The universities also produce annual compliance certificates where they have to meet certain covenants for the current year. As noted in the Strategic report and the information set out below, the Directors believe that the loans are fully recoverable and do not consider any impairment charge is necessary. The loans are neither past due nor impaired. The Company's maximum exposure to credit risk is equal to the carrying value of the loans at the reporting date.

University of Sheffield credit assessment

The credit rating of University of Sheffield was rated at A+, as estimated by Standard and Poor's ("S&P"), which is independent to us, as of the Assessment Date based on S&P's latest review in June 2022. Based on the independent research, we note that Sheffield's credit rating stood at AA- by S&P at the time of loan origination. The Valuation Date credit rating of A+, although is one notch below AA- at origination, it still falls under the Investment Grade.

Effective Interest Rate

Given that the Sheffield Loan is a fixed-rate loan, based upon the IFRS 9 guidelines noted above, we relied upon the Sheffield Origination Date EIR of 5.33% to discount the estimated ECL at the end of 12-month period.

University of Reading Credit assessment

As of both the Reading Origination Date and the Valuation Date, assessments of Reading's credit rating were not publicly available. As such, a credit rating analysis using Moody's synthetic credit rating template as of both the Reading Origination Date and the Valuation Date was conducted. This template assesses a selection of broad factors such as scale, business profile, profitability and financial policy to compute an implied credit rating for both dates. This enabled the comparison of Reading's credit risk between the date of issuance and the Valuation Date, following which, we note there has been no material reduction in Reading's credit rating and that the investment still falls under the Investment Grade. Therefore, we have concluded on 12- months ECL for the Reading Loan. We will continue to monitor the credit quality of the University going forward.

Effective Interest Rate

Given that the Reading Loan is a fixed-rate loan, based upon the IFRS 9 guidelines noted above, we relied upon the Reading Origination Date EIR of 5.42% to discount the estimated ECL at the end of 12-month period.

The cash and cash equivalent of the Company amounts to £757,491 (2021: £822,654) which represents the maximum credit exposure of this asset. The credit rating of the banks are listed below:

	Moody's	S&P	Fitch
Royal Bank of Scotland	P-1	A-1	F1
Barclays	P-1	A-1	F1

Impairment assessment

IFRS 9 requires that, at each assessment date, an entity shall measure the loss allowance for a financial instrument at an amount equal to 12-month expected credit losses (the "12-month ECL") if the credit risk on the financial instrument has not increased significantly since initial recognition. If, however, at the assessment date the credit risk on that financial instrument has increased significantly since initial recognition, the entity shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses.

More information has been disclosed under accounting policies, note 1.8.

14 FINANCIAL INSTRUMENTS (continued)

Impairment assessment (continued)

Following are the stages for categorizing loans to determine the ECLs usually:

Performing loan (Stage 1): The recognition of 12-month expected credit losses, the portion of lifetime expected credit losses from default events that are expected within 12-months from the assessment date, if the credit risk of the borrower has not increased significantly since initial recognition;

Underperforming Loan (Stage 2): Loan that is more than 90 days in arrears as at the assessment date, lifetime expected credit losses are recognised reflecting the increased credit risk since initial recognition, there are other existing indicators of an increase in credit risk; and

Non-performing loans (Stage 3): Lifetime expected credit losses for loans that are in default and a repossession is required reflecting the impairment of the asset.

Credit risk stages

The credit risk on a financial instrument is considered low if:

- the financial instrument has a low risk of default.
- the borrower has capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

IFRS 9 provides guidance that when defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit risk is monitored through the half-yearly repayments on a half-yearly basis; the Company monitors the timely repayment of loans to identify any Borrowers that have gone into arrears. Any Borrowers who do go into arrears are contacted and actively managed to ensure that the account is brought up-to-date or if an indicator of impairment exists and the recognition of lifetime expected credit losses may be required. Since repayment on the loans were done in a timely manner and no arrears were noted, we elected that the credit risk should be disclosed at stage 1.

For the purposes of the Company's credit risk oversight, a significant increase in credit risk is identified when a loan goes into arrears exceeding 30 days. This period is reasonable given that the basis on which these loans are monitored and managed by the Servicer – an arrears exceeding 90 days would indicate that the loan is credit impaired. The loan moves to stage 2 when it goes into arrears exceeding 30 days from the expected payment date and further moves to stage 3 when the arrears exceeds 90 days.

	30-Sep-22	30-Sep-21
	£	£
Stage 1	136,387,902	136,511,230
Stage 2	-	-
Stage 3	-	-

All exposures are currently in stage 1, there are no stage 2 or 3 assets at year end.

It was concluded that the ECL impact of the IFRS 9 model is immaterial and has therefore not been booked.

Analysis of maximum exposure to credit risk

The table below shows the Bank's maximum exposure to credit risk by class of financial asset:

	Gross Exposure	Allowance for credit loss	Net Exposure
	£	£	£
As at 30 September 2022			
Cash and cash equivalents	757,491	-	757,491
Trade and other receivables	2,352,334	-	2,352,334
Loan receivables	133,278,077	-	133,278,077
	136,387,902	-	136,387,902

14 FINANCIAL INSTRUMENTS (continued)

Analysis of maximum exposure to credit risk (continued)

	Gross Exposure	Allowance for credit loss	Net Exposure
	£	£	£
As at 30 September 2021			
Cash and cash equivalents	822,654	-	822,654
Trade and other receivables	2,394,857	-	2,394,857
Loan receivables	133,293,719	-	133,293,719
	136,511,230	-	136,511,230

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue to service its obligations on the notes issued. The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 11 and equity comprising issued share capital and retained earnings as disclosed in the statement of financial position.

Currency risk

All assets and liabilities of the Company are denominated in pounds Sterling; therefore, there is no foreign currency risk.

Fair values

The fair value of the loan notes is based on market prices. The fair value of non derivative financial assets is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using market yield rate derived from the price of the loan notes issued.

	Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
	£	£	£	£
Assets				
Loans (Level 2)	133,278,077	120,693,581	133,293,719	174,805,907
Cash and cash equivalents (Level 1)	757,491	757,491	822,654	822,654
Trade and other receivables (Level 3)	2,352,334	2,352,334	2,394,857	2,394,857
Liabilities				
Loan notes (Level 2)	(134,066,147)	(119,336,422)	(134,093,762)	(176,436,267)
Trade and other payables (Level 3)	(2,301,045)	(2,301,045)	(2,397,324)	(2,397,324)
	20,710	**2,165,939**	**20,144**	**(810,173)**

The comparison of book and fair values of all the Company's financial instruments is set out above.

For all trade and other payables and trade and other receivables the carrying value approximates the fair value due to the short- term nature of these financial assets and liabilities.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market date (unobservable inputs) (Level 3).

14 FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

The fair value of the loans and loan notes is derived from cash flow analysis discounted at the same yield, since the quoted price of the notes depends on the performance of the loans. The fair value of the secured loan notes are based upon available market prices since they are listed on the London Stock Exchange. Market prices of the secured loan notes depend on the performance of the loans to customers; therefore, the fair value of the loan to customers has been calculated as being in line with the fair value of the secured loan notes. The secured loan notes are classified as Level 2 because they are considered to trade in an illiquid market and the loans to customers are classified as Level 2 since they derive their value from observable inputs. To obtain the fair value of the loans and loan notes classified at level 2, management considered the following inputs:

- Coupon rate- As per the bond's contractual agreement; and
- Expected cash flow payments- As per the bond's contractual agreement
- Market yield rate- derived from the price of the loan notes issued.

There were no transfers of financial instruments between the levels during the financial year.

15 RELATED PARTY TRANSACTIONS

Apex Trust Corporate Limited, previously known as Link Trust Corporate Limited, is a Director and corporate service provider to the Company. During the financial year fees incurred for these services were £40,087 (2021: £24,836) and the net amount accrued as at 30 September 2022 was £2,672 (2021: £5,268).

Ambac Assurance UK Limited in the Company's financial guarantor. Fees recharged for these services during the financial year were £25,300 (2021: £10,253) and the amount accrued at financial year end was £332,968 (2021: £358,268).

16 ULTIMATE CONTROLLING UNDERTAKING

49,999 of the ordinary shares is held by Apex Trust Nominees No.1 Limited, a company incorporated in the UK under the terms of a discretionary trust, ultimately for charitable purposes. However, the ultimate controlling party of Unifund Plc is Ambac Financial Group, Inc, which is a US based insurance company.

17 EVENTS SUBSEQUENT TO FINANCIAL YEAR END

There were no other significant events occurring after the date of the statement of financial position up to the date of signing of the financial statements, other than the ones disclosed in the Strategic Report above.