

# **GREAT HALL MORTGAGES NO.1 PLC**

**Annual Report and Financial Statements**

**For the year ended 30 September 2024**

**Registered number: 05950229**

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## **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

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

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**Strategic report for the year ended 30 September 2024**

The Directors present their strategic report on Great Hall Mortgages No.1 Plc (the “Company”) for the year ended 30 September 2024.

**Principal activities and business model**

The Company was established as a special purpose entity and incorporated in England and Wales on 28 September 2006 and commenced its activities on 8 November 2006.

The principal activity of the Company is restricted to that of establishing an Asset Backed Note Programme securitisation transaction (the “ABN Programme”) to issue Loan Notes (the “Loan Notes”) to use the proceeds to purchase residential Mortgage Loans (the “Mortgage Loans”) originated in the UK.

During 2006 and 2007 the Company undertook three separate limited recourse Loan Note issuances (each a separate “Series”) each separately listed on the London Stock Exchange under a £10,000,000,000 ABN Programme, in a mixture of currencies. Summary details of each separate Series (as at the prevailing exchange rates at origination) are set out below. The proceeds of each separate Series was then used as initial consideration to purchase separate pools of Mortgage Loans and to fund separate reserve funds. On each purchase, Residual Certificates were issued to Great Hall Acquisitions Limited (“the Seller”), for nil consideration, representing the mechanism for the payment of deferred consideration. The Residual Certificates were subsequently sold to independent third parties.

All of the Mortgage Loans acquired from the Seller were originated by Platform Funding Limited (the “Originator”). Platform Funding Limited remains the Legal Title Holder of the Mortgage Loans. The Mortgage Loans for each Series are currently serviced by BCM Global Mortgages Limited (the “Mortgage Servicer”).

The value of the separate Series at the date of initial issuance were as follows:

Loan Note currency	Series 2006-1	Series 2007-1	Series 2007-2	Total	Total GBP sterling equivalent at issuance
	'000s	'000s	'000s	'000s	'000s
Sterling	£275,200	£413,600	£372,500	£1,061,300	£1,061,300
Euro	€280,000	€646,900	€110,100	€1,037,000	£700,357
US \$	n/a	n/a	\$600,000	\$600,000	£301,508
					£2,063,165

Principal and interest payments on each Series are made out of the proceeds received respectively from the capital repayments and interest received from the securitised pools of Mortgage Loans associated with that Series. Each Series is distinct, with separate security, receipts, credit enhancements and payment waterfalls. As such a shortfall in payments with respect to any Series will only be a shortfall for that Series and it will not adversely affect the structure or cause shortfalls in any of the other Series.

**Financial performance**

During the year ended 30 September 2024 the principal redemptions on each Series were as follows:

Class of Loan Notes	Series 2006-1	Series 2007-1	Series 2007-2	Total	% of initial issuance
	'000s	'000s	'000s	'000s	
Class A2A and Aa	£3,874	£11,686	£12,525	£28,085	2.65%
Class A2B and Ab	€ 3,135	€ 17,529	€ 1,348	€ 22,012	2.12%
Class Ac	n/a	n/a	\$26,956	\$26,956	4.49%
Class Ba	£2,686	£93	n/a	£2,779	0.26%
Class Bb	€781	€109	n/a	€890	0.09%

**Strategic report for the year ended 30 September 2024 (continued)****Financial performance (continued)**

At 30 September 2024 the principal outstanding on each Series was as follows:

Loan Note currency	Series 2006- 1	Series 2007-1	Series 2007-2	Total	Total GBP sterling equivalent (at year end spot rate)
	'000s	'000s	'000s	'000s	'000s
Sterling	£46,214	£94,507	£99,387	£240,108	£240,108
Euro	€ 26,219	€ 111,791	€ 80,712	€218,722	£181,937
US \$	n/a	n/a	\$12,239	\$12,239	£9,137
					£431,182

The separate Mortgage Loan portfolios have continued to be serviced by the Mortgage Servicer in a consistent manner. There has been an increase in the impairment provision from £4,970k to £9,865k at 30 September 2024 (2023: increase from £2,801k to £4,970k) (note 10) with £125k (2023: £99k) of the provision being utilised during the year.

The separate Series reserve funds remain fully funded in accordance with the terms of each Series issuance.

Whether or not a borrower actively consented, the terms and conditions applicable to their interest rate calculation took effect from the last reset date (being each US Government securities business day in the relevant interest payment period), before the end of March 2024. All LIBOR Mortgage Loans had been calculated by reference to the replacement benchmark by 14 March 2024 (being the day after the last reset date). During February 2024, the Mortgage Servicer completed the transition of the underlying Mortgage Loans for LIBOR to SONIA.

**Results**

The results for the year are set out on page 18.

The Company recorded a loss after tax of £1,416k for the year (2023: profit of £1,431k). Whilst the Company is entitled to retain a set profit based on the cash collections received for each Series under the terms of the ABN Programme documents, the results for the year are affected by fair value movements on derivatives, net of fluctuations in exchange rates associated with the Loan Notes (as no hedge accounting is applied), effective interest rate adjustments and changes in the impairment provisions.

**Financial risk management**

The financial risk management is disclosed in the Directors' report and note 21 of the financial statements.

**Strategic report for the year ended 30 September 2024 (continued)****Future developments**

The Company was established solely to establish an ABN Programme securitisation transaction in the UK. The Company will continue to operate the ABN Programme until all Loan Notes in each Series have been repaid or otherwise redeemed. No changes in future activities are envisaged and there are no plans to issue any further Series.

The key future developments which the Directors expect to have the greatest impact on the performance of the Company are macroeconomic.

World events including conflicts in Russia/Ukraine and Israel/Gaza have affected the global economic markets and is exacerbating ongoing economic challenges, including inflation, rising interest rates, cost of living and global supply chain disruption. Concerted efforts by central banks and governments around the world have so far tamed the impact of the crisis.

While the extent and duration of the effect of this economic uncertainty remains unclear, there is a risk of financial instability for the Company - for example a detrimental effect on the UK economy may ultimately impact the borrowers' ability to repay the Mortgage Loans, or on the Mortgage Servicer's ability to continue to effectively service the Mortgage Loans. However, as at the report date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows.

As the Loan Notes are in effect a limited recourse obligation of the Company (due to the Post Realisation Purchase Option attached to each Series), the Company is not ultimately exposed if the borrowers are unable to repay the Mortgage Loans as the Company is only liable to repay the Loan Notes to the extent that the Company has the funds to do so.

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

Whilst climate change may impact on the frequency of natural disasters such as floods and wildfires which may cause damage to the underlying properties against which the mortgages are charged, the Directors are of the opinion that, due to the geographic diversification of the Mortgage Loans and the current loan to values, climate change has a negligible impact on the operations of the Company.

**Strategic report for the year ended 30 September 2024 (continued)****Key Performance Indicators (KPIs)**

The Company is a special purpose entity established purely for the purpose of establishing an ABN Programme to issue Loan Notes and purchasing residential Mortgage Loan portfolios originated in the UK.

The key financial performance indicator of the business is considered to be the performance of the separate Mortgage Loan portfolios (and their impairment provision) for each Series as this is the main source of income to repay the Loan Notes for each Series. In total, the outstanding Mortgage Loans associated with all of the Series, decreased to £367,765k as at 30 September 2024 from £426,051k in the prior year, due to the net effect of early redemptions, scheduled amortisation, write-offs, EIR adjustments and impairment provisions. As at the year end, the total Loan Notes including Residual Certificates of all of the Series amounted to £469,498k (2023: £555,828k) of which £38,316k (2023: £43,048k) relates to the Residual Certificates. Details of the Loan Notes and Residual Certificates by Series are set out in note 17.

The total Mortgage Loan balance outstanding at year end includes a cumulative impairment provision of £9,865k (2023: £4,970k). An impairment provision charge of £5,020k (2023: charge of £2,268k) has been recorded in the Statement of Comprehensive Income. The impairment provision movement has arisen due to various factors such as: rise in payment arrears and fall in house prices.

Under the terms of the transaction documents, each Series is required to comply with a number of transaction covenants. As far as the Directors are aware the covenants have been complied with.

**Strategic report for the year ended 30 September 2024 (continued)****Section 172(1) statement**

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company.

As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time the Company issued each Series which are listed on the London Stock Exchange. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

With reference to subsection (a) concerning the likely consequences of any decision in the long term; the transaction documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and in accordance with relevant securitisation legislation the Company is only permitted to retain a minimal profit:

- the transaction documents, which cannot be changed without noteholder 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;
- 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 noteholders are limited by the cashflows received.

The matters set out in subsections (b)-(f) have limited or no relevance to the Company and therefore they are not strategically important for the following reasons:

- the Company has no employees;
- the Company is a securitisation vehicle and therefore a key stakeholder are the noteholders. 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, other than the borrowers;
- as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;



**Strategic report for the year ended 30 September 2024 (continued)**

- 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
- the Company has a sole member The Law Debenture Intermediary Corporation Plc and entire issued share capital on a discretionary trust basis for charitable purposes.

Approved by the Board.



**Mark Filer**

**for and on behalf of L.D.C. Securitisation Director No. 3 Limited**  
**Director**

07 February 2025

**Directors' report for the year ended 30 September 2024**

The Directors present their report and the audited financial statements of the Company for the year ended 30 September 2024.

**Internal controls and risk management**

The Directors have been charged with governance in accordance with the transaction documents detailing the mechanism and structure of the Company. The structure of the Company is such that the key policies have been predetermined at the time of issuance of the various Series and the operational roles have been assigned to third parties and these are strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records and for the reliability and usefulness of financial information used within the Company or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling Directors to comply with the regulatory obligations.

Due to the nature of all of the Series issued, each of which is listed on the London Stock Exchange, the Company is exempt from the provisions of UK Corporate Governance Code and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority with the exception of DTR 7.2.5. The Directors are therefore satisfied that there is no requirement for an audit committee or to publish a corporate governance statement.

The financial risk management of the business is set out below and in note 21.

**Derivatives and other financial instruments**

The Company's financial instruments are comprised of derivatives and variable rate mortgages, the Loan Notes, cash at bank and in hand and other items, such as debtors and creditors that arise directly from its operations. The purpose of these financial instruments is to manage the foreign exchange and interest rate risk as part of the Company's day to day operations. The primary risks arising from the Company's financial instruments are foreign exchange risk, liquidity risk, interest rate risk and credit risk. The principal nature of these risks are summarised below. Further details are set out in note 21 to the financial statements.

**Foreign exchange risk**

Foreign exchange risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Company's main foreign exchange risk exposure is from the Euro and USD denominated Loan Notes in issue, which are managed and economically hedged through use of cross currency interest rate swaps.

**Interest rate risk**

Interest rate risk is the risk that interest rates on borrowings exceed the interest rates on income. To mitigate this risk, at the time of each Loan Note issuance and the associated Mortgage Loan portfolio acquisition, the Company entered into interest rate swaps to convert the portion of the Mortgage Loan portfolio paying interest on fixed and base rates to try and match the portion of the interest payable on Loan Notes funding those fixed and base rate interest mortgages. During February 2024, the Mortgage Servicer completed the transition of the underlying Mortgage Loans from LIBOR to SONIA.

**Liquidity risk**

Liquidity risk arises from a mismatch in the cash flows generated by assets and those required to service and settle liabilities. Under the terms and conditions of each Loan Note issuance and the ABN Programme documentation, the Company's responsibility to make cash payments is strictly limited to the funds available.

**Directors' report for the year ended 30 September 2024 (continued)****Liquidity risk (continued)**

The Company has the benefit of available liquidity facilities specific for each Series to finance short term mismatches and which re-size in accordance with the ABN Programme documentation for that Series. The liquidity facilities vary in size for each Series and at the year end, the total liquidity facilities across all Series amount to £20,632k (2023: £20,632k). None of the individual liquidity facilities for each Series have been used or drawn down during the year.

**Credit risk**

Credit risk arises where a borrower or counterparty does not meet its repayment obligations. For the Company, this risk arises when a borrower is unable to maintain their regular Mortgage Loan repayments which may ultimately lead to a repayment shortfall where there is inadequate equity to repay the Mortgage Loan in full following the sale of the property following repossession.

All of the Mortgage Loans are secured on residential property and the Company places strong emphasis on the market value of the properties in calculating impairment provisions and the borrower's ability to service their Mortgage Loan. The impairment provision is based on the difference between the carrying amount of the Mortgage Loan and the indexed valuation of the underlying security.

The Directors remind the noteholders and others that, among the risk factors, the Company will rely solely on monies received or recovered on Mortgage Loans, and that the risk of principal deficiencies and revenue shortfalls lies with the noteholders.

The Directors consider there to be no other relevant risks for the entity.

**Going concern**

Whilst the Company is entitled to retain a set profit based on the collections received for each Series under the terms of the ABN Programme documents, the results for the year are affected by fair value movements on derivatives, net of fluctuations in exchange rates associated with the Loan Notes (as no hedge accounting is applied), EIR adjustments and changes in the impairment provisions. As a result, the Company recorded a loss after tax of £1,416k for the year (2023: profit of £1,431k) and is in a net liability position of £12,980k (2023: £11,564k).

Despite the current uncertainty in the macroeconomic environment, as explained more fully in the going concern statement in note 3, the financial statements have been prepared on a going concern basis. This is because over the long term each Series has been structured so that the interest margin should be sufficient to cover the losses expected under the credit conditions modelled at the date the Loan Notes were issued and the expected operating expenses associated with that Series. Should credit losses exceed these original loss expectations then the Company may not have sufficient funds to meet the liabilities of that Series. Should that occur, the holders of the Loan Notes for that Series will bear any shortfall pro-rata to their holdings in that respective Series in accordance with the terms of the Loan Notes for that Series. All Loan Notes are in effect limited recourse in nature, due to the Post Realisation Purchase Option attached to each Series.

The Directors are not aware of any circumstances that currently exist which might lead to an event of default and nor have there been any deferrals of interest on the Loan Notes. The Company has met all of its liabilities as they have fallen due for payment during the year under review and the Directors believe that the forecast future revenues mean that this should continue to be the case for the foreseeable future. The Mortgage Servicer has continued to work with borrowers to ensure that they are treated fairly and will continue to do so under the cost-of-living crisis.

**Directors' report for the year ended 30 September 2024 (continued)****Going concern (continued)**

Each Series transaction has been structured so that cash Reserve funds have been established which can be used to mitigate the effect of economic downturns and allow settlement of the Company's non-deferrable liabilities as they fall due. Any residual balances on these Reserve funds are payable to the residual certificate holders when a Series comes to an end and only after the Loan Notes have been repaid in full for that Series and the expenses of that Series paid. The Directors therefore believe that the Company's adoption of the going concern basis for the preparation of these financial statements remains appropriate.

**Proposed dividend**

The Directors do not recommend the payment of a dividend (2023: Nil).

**Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force at the date of approval of these financial statements.

**Directors and Directors' interests**

The Directors who held office during the year and up to the date of signing the financial statements were:

L.D.C Securitisation Director No.3 Limited

L.D.C Securitisation Director No.4 Limited

Mark Filer

The Company has no employees (2023: Nil).

None of the Directors hold any beneficial interests in the shares of the Company.

**Capital Management**

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The company has not breached this requirement.

**Charitable and political donations**

No donations were made during the year (2023: Nil).

**Principal activities and Future developments**

Information on principal activities and future developments are included in the Principal activities and business model and Future developments sections of the strategic report respectively.

**Post balance sheet events**

There have been no other reportable post balance sheet events between the balance sheet date and the date of signing of this report that would meet the criteria to be disclosed or adjusted. See Strategic report for more information.

**Streamlined Energy and Carbon Reporting (SECR)**

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

**Directors' report for the year ended 30 September 2024 (continued)****Disclosure of information to Independent auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

**Independent auditors**

PricewaterhouseCoopers LLP were first appointed as the Company's auditors on 28 March 2008 and in 2018 were reappointed following a retender process and have expressed their willingness to continue in office. A resolution concerning the reappointment of PricewaterhouseCoopers LLP as auditors will be proposed at the next board meeting of the Company.

Approved by the Board.



**Mark Filer**  
**for and on behalf of L.D.C. Securitisation Director No. 3 Limited**  
**Director**  
07 February 2025

**Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

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

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

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

**Directors' confirmations**

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

- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

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

Approved by the Board.



Mark Filer

for and on behalf of L.D.C. Securitisation Director No. 3 Limited  
Director

07 February 2025

# Independent auditors' report to the members of Great Hall Mortgages No.1 Plc

## Report on the audit of the financial statements

### Opinion

In our opinion, Great Hall Mortgages No.1 Plc's financial statements:

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

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 30 September 2024; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the directors.

### Basis for opinion

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

### Independence

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

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

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

**Our audit approach****Context**

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

**Overview****Audit scope**

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

**Key audit matters**

- Impairment of Mortgage Loans

**Materiality**

- Overall materiality: £4,576,033 (2023: £5,453,484) based on 1% of total assets.
- Performance materiality: £3,432,025 (2023: £4,090,113).

**The scope of our audit**

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

**Key audit matters**

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

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

The key audit matters below are consistent with last year.



Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of Mortgage Loans</b></p> <p>The Company's financial statements are prepared in accordance with FRS 102 and therefore the Company calculates provisions for impairment on its Mortgage Loans using an incurred-loss model. The Company assesses as at the balance sheet date whether there is any objective evidence that a Mortgage Loan is impaired, which is subject to management's judgement.</p> <p>Provisions for impairment are calculated on a loan by loan basis as the difference between the book value and the expected recoverable amount of the Mortgage Loan balance at the balance sheet date. In calculating the recoverable amount, estimates are required to determine the likely value of the property and the likelihood of the Mortgage Loan going into repossession based on the historical loss experience of the Company and current market considerations as at the year end date. We therefore focused our testing primarily on the probability of default and forced sale discount assumptions used in the impairment modelling by management, as this is a subjective area requiring significant management judgement.</p> <p>Related disclosures in the financial statements:</p> <ul style="list-style-type: none"> <li>• Note 3 – Accounting policies – Mortgage loans impairment provisions</li> <li>• Note 10 – Impairment (charge)/credit</li> <li>• Note 21 – Financial risk management - Credit risk</li> </ul>	<p>The following work was undertaken as part of the audit:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the provisioning methodology including the definition of an impairment trigger;</li> <li>• Tested on a sample basis, the post year end borrower payment;</li> <li>• Tested the mathematical accuracy of the model used to calculate the impairment provision;</li> <li>• Tested the probability of default and forced sale discount assumptions used in the impairment calculation, based on the underlying data utilised and our knowledge of the characteristics of the mortgage portfolio;</li> <li>• Performed sensitivity analysis on the forced sale discount and probability of default assumptions used in the impairment calculations, based on our broader industry knowledge and comparison to mortgage portfolios with similar characteristics;</li> <li>• Tested the completeness and accuracy of the Mortgage Loan data used in the impairment model to the year end loan level data tape;</li> <li>• Reviewed the post year end performance of the Mortgage Loans for any indicators of a significant deterioration in performance; and</li> <li>• Evaluated the related disclosures to ensure these are complete and accurate.</li> </ul> <p>We have no matters to note in relation to the above procedures.</p>

#### How we tailored the audit scope

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

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

#### The impact of climate risk on our audit

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

#### Materiality

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

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

<i>Overall company materiality</i>	£4,576,033 (2023: £5,453,484).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	The Company is a not for profit entity, whose main priority is to remit the cash received in respect of its assets so as to repay its liabilities.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £3,432,025 (2023: £4,090,113) for the Company financial statements.

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

We agreed with the directors that we would report to them misstatements identified during our audit above £228,802 (2023: £272,674) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

#### **Conclusions relating to going concern**

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

- Obtaining and evaluating the Directors' going concern assessment;
- Inspecting the transaction documents to agree that the Loan Notes are limited recourse instruments and that certain expenses can be deferred if there are insufficient funds;
- Assessing both historical and future levels of non-deferrable expenses and payments and considering the sufficiency of liquidity to cover such expenses;
- Confirming the cash held at bank at the year-end; and
- Analysing potential future pertinent changes in cash flows, such as deterioration in the performance of the underlying Mortgage Loans, and whether excess spread (residual cash receipts) would be sufficient to cover required expense payments and that triggers were not breached.

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

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

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

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

**Reporting on other information**

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

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

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

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

**Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

**Responsibilities for the financial statements and the audit****Responsibilities of the directors for the financial statements**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to any breach of the listing requirements of the London Stock Exchange under which the Note Programme Memorandum and the Note Issue Supplements relating to the Company's £10,000,000,000 Asset Backed note Programme were issued or of the underlying transaction documents, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Making inquiries with those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Testing journals using a risk-based approach;
- Considering the reasonableness of key judgements and assumptions used by management in developing accounting estimates, including a critical assessment of the presence of management bias. Audit procedures performed over the provisions for impairment of Mortgage Loans can be found in the Key audit matters section above; and
- Testing of the reconciliation of the financial statements to the year end servicer's reports and to the bank statements of the Company.
- Testing the priority of payments were made in compliance with the transaction documents.

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

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

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

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any

other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### **Companies Act 2006 exception reporting**

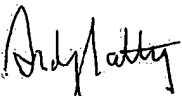
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

### **Appointment**

We were appointed by the directors on 28 March 2008 to audit the financial statements for the year ended 30 September 2007 and subsequent financial periods. The period of total uninterrupted engagement is 18 years, covering the years ended 30 September 2007 to 30 September 2024.



Andrew Batty (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
7 February 2025

**Statement of Comprehensive Income**  
**For the year ended 30 September 2024**

	Note	2024 £000s	2023 £000s
Interest receivable and similar income	5	25,950	27,930
Interest payable and similar expenses	6	(23,168)	(23,573)
<b>Net interest income</b>		<b>2,782</b>	<b>4,357</b>
Fair value movements of derivative financial instruments	7	(19,270)	(24,225)
Foreign currency translation gain	8	21,765	25,541
Administrative expenses	9	(1,703)	(1,972)
Impairment charge	10	(5,020)	(2,268)
<b>(Loss)/Profit before taxation</b>		<b>(1,446)</b>	<b>1,433</b>
Tax on (loss)/profit	11	(2)	(2)
<b>(Loss)/Profit and total comprehensive (expense)/income after tax for the financial year</b>		<b>(1,448)</b>	<b>1,431</b>

All the Company's results are derived from continuing activities.

The notes on pages 23 to 49 form part of these financial statements.

**Balance Sheet**  
**as at 30 September 2024**

	Note	2024 £000s	2023 £000s
<b>Fixed assets</b>			
Mortgage Loans	12a	332,377	396,059
Derivative financial instruments	13	31,349	48,855
<b>Total non-current assets</b>		<b>363,726</b>	<b>444,914</b>
<b>Current assets</b>			
Mortgage Loans	12a	44,169	48,634
Derivative financial instruments	13	4,972	6,775
Other debtors	14	1,999	1,960
Cash at bank (restricted)	15	42,736	43,065
<b>Total current assets</b>		<b>93,876</b>	<b>100,434</b>
<b>Current liabilities</b>			
Derivative financial instruments	13	(21)	(24)
Other creditors	16	(196)	(163)
Loan Notes	17	(55,103)	(61,447)
<b>Current liabilities</b>		<b>(55,320)</b>	<b>(61,634)</b>
<b>Net current assets</b>		<b>38,556</b>	<b>38,800</b>
<b>Total assets less current liabilities</b>		<b>402,282</b>	<b>483,714</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	13	(136)	(171)
Loan Notes	17	(415,158)	(495,107)
<b>Net liabilities</b>		<b>(13,012)</b>	<b>(11,564)</b>
<b>Capital and reserves</b>			
Called up share capital	18	13	13
Profit and loss account		(13,025)	(11,577)
<b>Total shareholders' deficit</b>		<b>(13,012)</b>	<b>(11,564)</b>

The notes on pages 23 to 49 form part of these financial statements

The financial statements on pages from 19 to 49 were approved by the Board of Directors on 07 February 2025



Mark Filer

for and on behalf of L.D.C. Securitisation Director No. 3 Limited  
Director

**Statement of Changes in Equity  
for the year ended 30 September 2024**

	<b>Called up share capital £000s</b>	<b>Profit and loss account £000s</b>	<b>Total Shareholders' deficit £000s</b>
Balance at 1 October 2022	13	(13,008)	(12,995)
Profit for the financial year and total comprehensive income	-	1,431	1,431
Balance at 30 September 2023	13	(11,577)	(11,564)
<b>Balance at 1 October 2023</b>	<b>13</b>	<b>(11,577)</b>	<b>(11,564)</b>
<b>Loss for the financial year and total comprehensive expense</b>	<b>-</b>	<b>(1,448)</b>	<b>(1,448)</b>
<b>Balance at 30 September 2024</b>	<b>13</b>	<b>(13,025)</b>	<b>(13,012)</b>

The notes on pages 23 to 49 form part of these financial statements.



**Statement of Cash flows**  
**for the year ended 30 September 2024**

	<b>Note</b>	<b>2024 £000s</b>	<b>2023 £000s</b>
<b>Cash flows from operating activities</b>			
<i>Reconciliation of (loss)/profit before taxation to net cash outflow from operating activities</i>			
(Loss)/profit before taxation		<b>(1,446)</b>	1,433
Interest receivable and similar income	5	<b>(25,950)</b>	(27,930)
Interest payable and similar expenses	6	<b>23,168</b>	23,573
Net increase in impairment provision	10	<b>5,020</b>	2,268
Fair value movements of derivative financial instruments	7	<b>19,270</b>	24,225
Foreign currency translation gain	8	<b>(21,765)</b>	(25,541)
<i>Changes in operating assets and liabilities</i>			
Increase in trade debtors and other receivables	14	<b>(39)</b>	(1,257)
Increase in trade creditors and other payables	16	<b>33</b>	3
Cash used in operations		<b>(1,709)</b>	(3,226)
Tax paid		<b>(2)</b>	(3)
<b>Net cash used in operating activities</b>		<b>(1,711)</b>	(3,229)
<b>Cash flows from investing activities</b>			
Mortgage Loan interest received	5	<b>30,323</b>	27,666
Mortgage Loan repayments	21b	<b>58,161</b>	78,594
Bank interest received	5	<b>593</b>	388
<b>Net cash generated from investing activities</b>		<b>89,077</b>	106,648
<b>Cash flows from financing activities</b>			
Loan Notes redeemed	24	<b>(71,327)</b>	(98,119)
Loan Notes interest paid		<b>(27,813)</b>	(23,369)
Realised foreign exchange gain in respect of FX cross currency swaps	8	<b>11,493</b>	16,235
Amounts paid in respect of interest rate swap contract	6	<b>(48)</b>	(55)
<b>Net cash used in financing activities</b>		<b>(87,695)</b>	(105,308)
<b>Decrease in cash and cash equivalents</b>	24	<b>(329)</b>	(1,889)
Cash and cash equivalents at start of the year	15	<b>43,065</b>	44,954
<b>Cash and cash equivalents at end of the year</b>		<b>42,736</b>	43,065

The notes on pages 23 to 49 form part of these financial statements.

**Notes to the financial statements  
For the year ended 30 September 2024****1. General information**

Great Hall Mortgages No.1 plc is a public company with limited liability, limited by shares and incorporated in the United Kingdom under the Companies Act with a Registered Office in England, at 8th Floor, 100 Bishopsgate, London, England, United Kingdom, EC2N 4AG. The nature of the Company's operations and principal activities are set out in the Strategic Report on page 1.

**2. Statement of compliance**

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

**3. Accounting policies**

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

**Going concern**

The financial statements are prepared on a going concern basis. Key factors in determining going concern include recoverability of the Mortgage Loans and cash flow management.

In order to form a view as to the most appropriate basis of preparation of these financial statements, the Directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future.

The ability of the Company to meet its obligations on the Loan Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Mortgage Loans. The Loan Notes are in effect limited recourse obligations of the Company (due to the Post Realisation Purchase Option attached to each Series), secured over the Mortgage Loans, and the Company's ability to pay amounts due on the Loan Notes for each Series are, in substance, limited to the application of the receipts from the Mortgage Loans under the terms of the priority of payments as set out in the terms and conditions of the Loan Notes. The Reserve fund for each Series is available to make interest payments to the noteholders if interest arrears would otherwise occur.

Whilst the Company is entitled to retain a set profit based on the collections received for each Series under the terms of the transaction documents, the results for the year are affected by fair value movements on derivatives, net of fluctuations in exchange rates associated with the Loan Notes (as no hedge accounting is applied), EIR adjustments and changes in the impairment provisions. The impairment provision charge in the year of £5,020k compared with a charge of £2,268k in the prior year. As a result, the Company recorded a loss after tax of £1,416k for the year (2023: profit of £1,431k) and is in a net liability position of £12,980k (2023: liability of £11,564k).

There are derivatives in place to economically hedge the foreign exchange gains or losses and the reported foreign exchange losses are expected to net to nil or close to nil over the life of the transaction when the Loan Notes will be repaid.

**Notes to the financial statements (continued)****For the year ended 30 September 2024****3. Accounting policies (continued)****Going concern (continued)**

In addition, the net liability position reflects the structure of the transactions, in particular, the non-cash EIR accounting for the residual certificates. The Mortgage Loans (including impairment provisions) at the year-end of £376,546k (2023: £444,693k) are funded by Loan Notes of £469,498k (2023: £555,828k) reserve funds, and financial instruments hedging the interest rate risk, currency risk, and liabilities related to deferred purchase consideration. Any future deterioration in the mortgage and housing market might result in future estimated cash flows received from the Company's assets being less than expected. Any such reduction in cash flows will first impact the residual cash flows available to be paid to the residual certificate holders but might then also impact on the Company's ability to repay the amounts due on the Loan Notes. Over the long term the Company's operations have been structured so that the interest margin should be sufficient to cover losses expected under credit conditions at the date of issue. The Company may, however, have only limited cash headroom. Should credit losses exceed these original loss expectations, the Company will be unable to make payments to residual certificate holders and may also have insufficient funds to meet its liabilities on the Loan Notes.

The current uncertainty in the economic environment and therefore the impact of this on a borrower's ability to repay their Mortgage Loan is a risk. In assessing this risk, the Directors considered the Company's ability to defer certain interest payments on the Loan Notes whilst only being required to make principal payments to the extent there are available principal funds received from the Mortgage Loans. Furthermore, held within cash there are Reserve funds that supplement the cash headroom for each Series and can be used to mitigate the effect of economic downturns and allow settlement of the Company's non-deferrable liabilities as they fall due.

Whilst the outlook of the UK economy is showing signs of improvement, there still remains a risk of financial instability for the Company. As at the report date there has been no material impact from these macroeconomic factors on the Company's financial performance or cash flows.

The Company will continue to monitor the effect of these macroeconomic factors. The Directors envisage no changes to the nature of the Company's business in the foreseeable future. In order to form a view as to the most appropriate basis of preparation of these financial statements, the Directors have assessed the likelihood of whether the Company will be able to continue trading over a period of at least 12 months from the date of the approval of these financial statements, versus the likelihood of either intending to or being forced to cease trading and place the Company into liquidation. The Directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

**Interest income and interest expense**

Interest income on financial assets that are classified as Mortgage Loans and interest expense on financial liabilities are recorded using the effective interest method.

**Administrative expenses**

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

**Financial Assets**

Financial assets are classified into two categories: financial assets at fair value through profit or loss and loans and receivables.

Derivative instruments are classified as financial assets at fair value through profit or loss.

**Notes to the financial statements (continued)****For the year ended 30 September 2024****3. Accounting policies (continued)****Mortgage Loans**

As noted in the strategic report the Company acquired separate Mortgage Loan portfolios for each Loan Note Series issued. Information in regards to the risks can be found in note 21.

Mortgage Loans are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market and include Mortgage Loans. Loans and receivables were initially recognised at fair value and subsequently carried at amortised cost. The initial fair value of the Mortgage Loans is based on the initial consideration paid and the Directors' assessment of the expected deferred consideration to be paid, which is reassessed and adjusted on an ongoing basis, as appropriate. Amortised cost is the amount at which the Mortgage Loans were recognised at initial recognition, adjusted for revisions to expected deferred consideration, less principal repayments, plus accrued interest, less any write-down for incurred impairment losses.

**Mortgage Loans impairment provisions**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The impairment provision is based on the difference between the carrying amount of the Mortgage loan and the indexed valuation of the underlying security.

Individual provisions are made for Mortgage Loans or advances considered to be bad or doubtful. Individual provisions are assessed on a case-by-case basis or, where this is not practical, as part of a portfolio of similar advances using Mortgage Loan loss estimation models. Assessments are made of all Mortgage Loans and advances on properties which are in possession or 1 month and greater in arrears.

In all cases account will be taken of any amounts recoverable under contract of indemnity insurance and of anticipated disposal costs. No provision is made against the future carrying costs of impaired Mortgage Loans.

Provisions made during the year are charged to the Statement of Comprehensive Income, net of recoveries.

**Financial liabilities**

Financial liabilities comprise the mortgage-backed floating rate Loan Notes, which include expected payments under the Residual Certificates and, where relevant, derivative financial instruments.

**Notes to the financial statements (continued)****For the year ended 30 September 2024****3. Accounting policies (continued)****Derivative financial instruments**

Derivatives are used to reduce exposures to fluctuations in interest and exchange rates and include interest rate swaps and cross currency swaps. These derivatives are recognised at their fair value, with movements in fair value taken to the Statement of Comprehensive Income. Fair values of derivative financial instruments are based on external valuations by the counterparty (J.P.Morgan Chase & Co.). Derivatives are carried in the balance sheet as assets when their fair value is positive and as liabilities when their fair value is negative.

As stated above, the Company has adopted the measurement requirement of the amendments of IAS 39 Financial Instruments instead of FRS 102 under Section 11 and 12. The amendments require an entity to classify its financial assets and liabilities held at fair value according to a hierarchy that reflects the significance of observable market inputs.

The Company does not apply hedge accounting and the derivative financial instruments stated above are set as part of an economic hedge to reduce exposures to fluctuations in interest and exchange rates.

**Loan Notes**

Loan Notes (excluding Residual Certificates) are initially recorded in the Balance Sheet as the proceeds received net of any direct issue costs. On subsequent reporting dates, Loan Notes are measured at amortised cost.

**Deferred purchase consideration due to residual interest holders**

Under the terms of the agreement for the purchase of Mortgage Loans, the Company has a liability to pay deferred purchase consideration to the holders of the Residual Certificates. The payment of these amounts is conditional on the performance of the Mortgage Loans. The amount due at the balance sheet date is shown as a liability in the financial statements and included as part of the Loan Notes liability, which will ultimately be satisfied by payments of cash, in accordance with the securitisation transaction documents. In addition, the residual entitlement holder receives residual amounts on each quarterly waterfall date if all other quarterly obligations under the terms of the securitisation are satisfied. The expected obligation on the Residual Certificates to pay deferred purchase consideration is initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Whilst the features of the Residual Certificates are considered to represent an embedded derivative, the economic characteristics and risks of such features are closely related to the economic characteristics and risks of the Mortgage Loans. As such, these embedded derivatives are not required to be separated and accounted for as a derivative.

**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.

**Foreign currencies**

The Company's functional and presentational currency is sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange at the balance sheet date. The exchange rates prevailing at 30 September 2024 were 1.20218 for Sterling/Euro (30 September 2023: 1.15234) and 1.33958 for Sterling/US Dollar (30 September 2023: 1.21994).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. All foreign exchange differences are taken to the Statement of Comprehensive Income.

**Notes to the financial statements (continued)****For the year ended 30 September 2024****3. Accounting policies (continued)****Segmental reporting**

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

**Debtors and other receivables**

The carrying value represents interest and receivables including cash floats with the Mortgage Servicer which are not impaired.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank. The use of this cash is restricted by a detailed priority of payments for each Series, as set out in the transaction documents. As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

**Creditors and other payables**

The creditors include interest due to noteholders and general expenses outstanding at year end.

**Taxation**

The Company has elected to be taxed under the permanent tax regime applicable to securitisation companies. Corporation tax is payable on issuer profits as defined in the transaction documents based on the applicable tax law and is recognised as an expense in the year in which profits 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 year. These estimates involve the use of assumptions such as discount rates and risk adjustments to cash flows and if actual results differ from the estimates, the impact will be recorded in future years.

The Directors do not consider there to be any significant accounting judgements used in the preparation of the financial statements. The most significant estimates used in the preparation of the financial statements are as follows:

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2024**

**3. Accounting policies (continued)**

**Impairment provisions**

Specific impairment provisions for impaired Mortgage Loans are calculated by deducting the estimated selling price, after applying a forced sale discount, from the Mortgage Loan balance. A probability of default is then applied to the resulting net exposure to calculate the level of specific provision required.

The level of potential credit losses is uncertain and depends on a number of factors such as: unemployment levels, interest rates, house price levels and other general economic conditions. Impairment provisions are recorded on Mortgage Loans greater than 1 month 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. Estimates are required to determine the likely forced sale value of the property and the likelihood of the loan going into repossession, which the Directors base on the historical loss experience of the Company. In addition, the Directors consider how appropriate past trends and patterns could impact the current emerging trends and issues related to borrower's incomes, viability of employment and use of support measures such as payment holidays. Future micro and macro-economic factors will potentially impact future repayment conditions and the future value of underlying collateral. The accuracy of impairment calculations would therefore be affected by unexpected changes to the economic situation, variances between the models used and the actual results, or assumptions which differ from the actual outcomes. Actual cash flows may differ from management estimates, resulting in an increase or decrease of impairment charges and provisions.

The most significant assumptions affecting the impairment provision are as follows:

**i. Indexed property value**

In order to begin the process of estimating the movement in the collateral valuation of each borrower's property since the last professional valuation, the Company uses the Nationwide house price index.

**ii. Adjustment to indexed property value**

When estimating property selling values in a recovery situation the Company makes an adjustment to the indexed property value, based on historical experience. At the balance sheet date, an average of 51.11% (2023: 48.51%) discount was applied to the indexed property values. This discount covers expected selling costs, as well as the risk associated with both the non-property specific nature of indexation and the lack of available information regarding the state of repair of individual properties. The Directors consider these are reasonable assumptions based on the Company's recent experience of recovery situations (albeit limited). A +5%/-5% movement in this discount would increase/reduce the overall provision by +£3,811k and -£3,558k respectively (2023: +£2,998 /- £2,666k). It is not the Company's policy to carry out a valuation of each property on an annual basis. Therefore, the Company indexes the most recent valuation using the Nationwide HPI in the UK to determine the estimated value of the underlying property, from which an expected sales value is derived.

**Notes to the financial statements (continued)  
For the year ended 30 September 2024****3. Accounting policies (continued)****Impairment provisions (continued)****iii. Probability of default**

The Company assigns a probability of default to Mortgage Loans in arrears without any litigation stage, based on the number of months in arrears. This provision is 25% for Mortgage Loans between 1-3 months, 50% for Mortgage Loans between 4-6 months, 75% for Mortgage Loans between 7-9 months and 100% for Mortgage Loans over 10 months in arrears. The Company also provides a provision based on litigation stages of Mortgage Loans specifically: 90% for solicitors instructed, and 100% for court granted and property in possession by another lender. A movement in the provision to 25% for 1 month, 50% for 2 months and 100% for greater than 3 months results in an increase of the overall impairment provision by £2,666k.

A key assumption in calculating the impairment provision was the use of the national house price index across all of the underlying loans. Recalculating the provision using regional house price indexes causes a decrease in the forced sale discount to 43.34% and a decrease in the overall impairment provision to £4,608k.

**Fair value**

Fair values are used in these financial statements for recognition measurement 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 a quoted price in an active market or a recent transaction price 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 only financial instruments included in the Company's balance sheet that are measured at fair value are derivative contracts. Whilst the run-off of the Mortgage Loans is not market observable, it can be derived from historic data and therefore the Directors consider that the interest rate and cross currency swap derivatives should be regarded as Level 3 in the fair value hierarchy. The external valuations are obtained from the counterparty (J.P.Morgan Chase & Co.). There have been no Level 3 instrument purchases, sales, issues or settlements during the year, nor have there been any transfers in or out of Level 3. All gains and losses in relation to the Level 3 instruments have been recognised in the Statement of Comprehensive Income for the year and are fully attributable to the Level 3 instruments held at year end.

**Residual certificate liability estimate**

Under the terms of the ABN Programme the Company legally acquired the Mortgage Loans from the Seller for initial consideration and deferred purchase consideration (being the residual cash flows of the Company payable on the Residual Certificates). The estimated deferred consideration payable was included within the day 1 fair value of the Mortgage Loans and as a separate liability to arrive at the aggregate Loan Notes liability.

On day one the deferred purchase consideration liability equalled the deferred purchase consideration asset.



**Notes to the financial statements (continued)**  
**For the year ended 30 September 2024**

**3. Accounting policies (continued)**

Subsequently, expected cash flows in relation to the deferred purchase consideration asset and liability are reviewed annually and the carrying value adjusted accordingly, where appropriate. Adjustments are made to the deferred purchase consideration liability for any changes in future expected residual cash flows. However, adjustments are made to the deferred purchase consideration asset, which forms part of the Mortgage Loan balance, only where changes in future expected residual cash flows let to changes in Mortgage Loan cash flows, other than for credit risk reasons. However, over the life of the transaction, adjustments on the deferred purchase consideration asset and liability in conjunction with EIR adjustments on the Mortgage Loans are not expected to have a material impact on the profit and loss account, due to their offsetting nature other than in relation to the deferred consideration liability represented by the entitlement to any remaining Reserve fund balances at the end of each Series.

A key assumption of management's residual certificate liability estimate is using a 5 year average residual rate of return in forecasting future cashflows to the certificate holders. This gives average residual rates of return of 1.53% for series 2006-1, 1.91% for series 2007-1, 2.47% for series 2007-2, and a total residual certificate liability of £18,646k. Recalculating the estimate with a more prudent 3 year average residual rate of return would cause a decrease in the total residual certificate liability of £9,463k. The residual rates of return for series 2006-1, 2007-1 and 2007-2 would also decrease to 0.53%, 1.12% and 1.16% respectively.

**4. Directors' remuneration and employees**

The Company had no employees during the year (2023: Nil). None of the Directors, all of whom are appointed under the terms of a corporate service agreement entered into by the Company with Law Debenture Corporate Services Limited, received any remuneration for their services during the year (2023: Nil) (see note 25).

**5. Interest receivable and similar income**

	2024 £000s	2023 £000s
Interest receivable on Mortgage Loans	30,323	27,666
EIR adjustment	(4,966)	(124)
Bank interest	593	388
	<u>25,950</u>	<u>27,930</u>

**6. Interest payable and similar expenses**

	2024 £000s	2023 £000s
Interest payable to noteholders	(25,964)	(22,545)
Interest payable adjustment to residual interest holders	2,844	(973)
Net interest credit on interest rate swaps	(48)	(55)
	<u>(23,168)</u>	<u>(23,573)</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2024**

**7. Fair value movements of derivative financial instruments**

	2024 £000s	2023 £000s
Fair value gain on interest rate derivatives	39	65
Fair value loss on Euro derivatives	(9,960)	(8,125)
Fair value loss on US Dollar derivatives	(9,349)	(16,165)
	<u>(19,270)</u>	<u>(24,225)</u>

**8. Foreign currency translation gain/(loss)**

The Company is exposed to foreign currency fluctuations arising from the US Dollar and Euro denominated Loan Notes in issue. This exposure is managed through the use of cross-currency interest rate swaps that are measured at fair value through the Statement of Comprehensive Income.

The total foreign currency translation gain recognised during the year was £21,765k (2023: £25,541k gain). This comprises of the realised gain of £11,493k (2023: £16,235k gain) made from the cross-currency interest rate swaps upon settling Note interest and principal amounts falling due during the year and a gain of £10,272k (2023: £9,306k gain) relating to the retranslation of monetary items at the Balance Sheet date.

**9. Administrative expenses**

	2024 £000s	2023 £000s
Administrative fees	<u>(1,703)</u>	<u>(1,972)</u>

Within administrative fees are audit fees payable to the statutory auditors for the statutory audit of the Company's financial statements. The amount of audit fees payable (VAT exclusive) is disclosed below:

	2024 £000s	2023 £000s
Fees payable to the Company's auditors	<u>130</u>	<u>125</u>

There were no non-audit fees paid or incurred during the year (2023: £nil).

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2024**

**10. Impairment charge**

2024	Series	2006-1 £000s	2007-1 £000s	2007-2 £000s	Total £000s
Movement in impairment provision analysed as follows:					
Provision brought forward		361	2,034	2,575	4,970
Provision utilized (write-off)		(106)	-	(19)	(125)
Movement in impairment provision		906	1,868	2,246	5,020
Provision carried forward		1,161	3,902	4,802	9,865

The movement in the provision during the year is attributed to an increase in mortgages in arrears and the movement in the forced sale discount in calculating the provision.

2023	Series	2006-1 £000s	2007-1 £000s	2007-2 £000s	Total £000s
Movement in impairment provision analysed as follows:					
Provision brought forward		137	1,175	1,489	2,801
Provision utilized (write-off)		-	(99)	-	(99)
Movement in impairment provision		224	958	1,086	2,268
Provision carried forward		361	2,034	2,575	4,970

**11. Tax on profit**

**a) Analysis of the tax charge in the year**

	2024 £000s	2023 £000s
UK corporation tax on the profit recognised as taxable under the permanent securitisation tax regime at 19% (2023: 19%)	2	2
Total tax charge	2	2

## Notes to the financial statements (continued)

## For the year ended 30 September 2024

## 11. Tax on profit (continued)

## b) Factors affecting the tax charge for the year

The tax charge for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 19% (2023: 19%).

The difference is explained below :

	2024 £000s	2023 £000s
(Loss)/profit before taxation	(1,446)	1,433
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2023: 19%)	(275)	272
Accounting profit/(loss) not taxable in accordance with Statutory Instrument No 3296 The Taxation of Securitisation Companies Regulation 2006	275	(272)
Taxation of retained profits in accordance with Statutory Instrument No 3296 The Taxation of Securitisation Companies Regulation 2006	2	2
Total tax charge	2	2

Under the powers conferred by Finance Act 2005, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)". Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the Transaction and as defined by the "Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)". The Directors are satisfied that the Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As such, a corporation tax rate of 19% has been applied.

## 12. Mortgage Loans

2024	Series 2006-1 £000s	Series 2007-1 £000s	Series 2007-2 £000s	Total £000s
Mortgage Loans	58,269	160,363	149,133	367,765
EIR adjustment	2,078	7,906	8,662	18,646
Less: Impairment provision (note 10)	(1,161)	(3,902)	(4,802)	(9,865)
Total	59,186	164,367	152,993	376,546
Fair value of the collateral held	162,399	371,852	351,998	886,249

## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 12. Mortgage Loans (continued)

2023	Series 2006-1 £000s	Series 2007-1 £000s	Series 2007-2 £000s	Total £000s
Mortgage Loans	67,112	183,496	175,443	426,051
EIR adjustment	2,889	9,815	10,908	23,612
Less: Impairment provision (note 10)	(361)	(2,034)	(2,575)	(4,970)
Total	69,640	191,277	183,776	444,693
Fair value of the collateral held	195,584	450,114	436,422	1,082,120

The fair value of collateral held, which represents residential properties in the United Kingdom, is estimated using the House Price Index ("HPI") prepared by Nationwide and assumes no forced sale discount. The calculation is performed using the latest value at the latest valuation date and indexing using HPI at year end. The indexed value is based on valuations performed prior to origination and does not include any adjustments in relation to the risk associated with both the non-property specific nature of indexation and the lack of available information regarding the state of repair or individual properties. The fair value of collateral is calculated using the House Price Index, and excludes any provisions for any potential costs involved in selling the properties.

If the forced sale discount is applied, the fair value of the collateral held is as follows:

2024	Series 2006-1 £000s	Series 2007-1 £000s	Series 2007-2 £000s	Total £000s
Fair value of the collateral held with forced sale discount applied (51.11%)	79,397	181,799	172,092	433,288
2023	Series 2006-1 £000s	Series 2007-1 £000s	Series 2007-2 £000s	Total £000s
Fair value of the collateral held with forced sale discount applied (48.51%)	100,706	231,764	224,714	557,184

The fair value of the Mortgage Loans is shown in note 22.

## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 12a Mortgage Loans split between Fixed (non-current) and current assets

2024	< 3 months £000s	> 3 months < 1 year £000s	Current assets £000s	> 1 year < 5 years £000s	> 5 years £000s	Non- current assets £000s	Total £000s
Mortgage Loans	11,042	33,127	44,169	176,674	155,703	332,377	376,546
2023	< 3 months £000s	> 3 months < 1 year £000s	Current assets £000s	> 1 year < 5 years £000s	> 5 years £000s	Non- current assets £000s	Total £000s
Mortgage Loans	12,159	36,475	48,634	219,789	176,270	396,059	444,693

## 13. Derivative financial instruments

Derivatives are used to reduce exposures to exchange and interest rates and include cross currency swaps and interest rate swaps. These derivatives are recognised at their fair value, with movements in fair value taken to the Statement of Comprehensive Income. Fair values ("FV") are based on valuations provided by third parties at the relevant year end.

## 2024

Type of derivative	Notional Amount £000s	FV Asset (current) £000s	FV Asset (non- current) £000s	FV Liabilities (current) £000s	FV Liabilities (non- current) £000s
Sterling interest rate swaps	145,462	-	-	21	136
Euro-Sterling cross currency interest rate swaps	200,462	4,563	28,773	-	-
US\$-Sterling cross currency interest rate swaps	6,150	409	2,576	-	-
		4,972	31,349	21	136

## 2023

Type of derivative	Notional Amount £000s	FV Asset (current) £000s	FV Asset (non-current) £000s	FV Liabilities (current) £000s	FV Liabilities (non-current) £000s
Sterling interest rate swaps	169,339	-	-	24	171
Euro-Sterling cross currency interest rate swaps	223,364	5,273	38,023	-	-
US\$-Sterling cross currency interest rate swaps	19,696	1,502	10,832	-	-
		6,775	48,855	24	171

**Notes to the financial statements (continued)****For the year ended 30 September 2024****13. Derivative financial instruments (continued)**

The fair value of derivatives includes accrued interest. The fair values of derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates and foreign exchange rates relative to their contractual terms.

The notional amounts of derivative financial instruments provide a basis for comparison with related items recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore do not indicate the Company's exposure to interest rate or currency risks.

The foreign currency notional amounts have been translated at year end exchange rates as disclosed in note 3.

**14. Other debtors**

	2024 £000s	2023 £000s
Other debtors	1,999	1,960
	<u>1,999</u>	<u>1,960</u>

**15. Cash at bank (restricted)**

	2024 £000s	2023 £000s
Cash deposits with instant access	42,736	43,065
	<u>42,736</u>	<u>43,065</u>

The cash deposits with instant access refer to cash held separately for each Series and which are available for payments for those Series. The Company has committed liquidity facilities provided by Danske Bank A/S and The Bank of New York Mellon.

The use of this cash is restricted by a detailed priority of payments for each Series, as set out in the transaction documents. As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

**16. Other creditors**

	2024 £000s	2023 £000s
Other creditors	194	161
Corporation tax	2	2
	<u>196</u>	<u>163</u>

**17. Loan Notes**

The principal outstanding on each Series of Loan Notes is repayable in line with the ABN Programme documentation and is dependent upon the collections of principals from the Mortgage Loans relating to that Series. The Loan Notes of each Series benefit from a security charge over the properties underlying the Mortgage Loans relating to that Series. This security can be enforced in instances of non-payment in line with the Mortgage Loan terms. In the event of a shortfall, losses will be borne by the most junior Loan Notes relating to those Mortgage Loans first.

**Notes to the financial statements (continued)**

**For the year ended 30 September 2024**

**17. Loan Notes (continued)**

Under the terms of the Loan Notes the Company can repurchase the outstanding Loan Notes of a Series at par once the outstanding principal amount of those Loan Notes falls below 10% of the GBP equivalent amount originally issued. In each case the option for early redemption will only be exercised in accordance with the ABN Programme documents. Such repurchase options are considered to be closely related to the economic characteristics and the risks of the Loan Notes themselves and are not separately accounted for as embedded derivatives.

**Summary Table – Book Values**

As at 30 September 2024

	Series 2006-1 £000s	Series 2007-1 £000s	Series 2007-2 £000s	Total £000s
Loan Notes	74,135	204,970	190,393	469,498
Interest due on Loan Notes	122	316	325	763
	<u>74,257</u>	<u>205,286</u>	<u>190,718</u>	<u>470,261</u>

As at 30 September 2023

	Series 2006-1 £000s	Series 2007-1 £000s	Series 2007-2 £000s	Total £000s
Loan Notes	85,847	237,987	231,994	555,828
Interest due on Loan Notes	115	232	379	726
	<u>85,962</u>	<u>238,219</u>	<u>232,373</u>	<u>556,554</u>

**a) Loan Notes split between non current and current liabilities**

<u>2024</u>	< 3 months £000s	> 3 months < 1 year £000s	Current Liabilities £000s	> 1 year < 5 years £000s	> 5 years £000s	Non current £000s	Total £000s
Loan Notes	13,585	40,755	54,340	213,650	201,508	415,158	469,498
Interest due on Loan Notes	763	-	763	-	-	-	763
	<u>14,348</u>	<u>40,755</u>	<u>55,103</u>	<u>213,650</u>	<u>201,508</u>	<u>415,158</u>	<u>470,261</u>

<u>2023</u>	< 3 months £000s	> 3 months < 1 year £000s	Current Liabilities £000s	> 1 year < 5 years £000s	> 5 years £000s	Non current £000s	Total £000s
Loan Notes	15,180	45,541	60,721	182,370	312,737	495,107	555,828
Interest due on Loan Notes	726	-	726	-	-	-	726
	<u>15,906</u>	<u>45,541</u>	<u>61,447</u>	<u>182,370</u>	<u>312,737</u>	<u>495,107</u>	<u>556,554</u>



## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 17. Loan Notes (continued)

## b) Loan Notes by Series at 30 September

Series 2006-1	2024			2023		
	Interest margin	Fair Value £000s	Fair Value £000s	Interest margin	Book Value £000s	Fair Value £000s
Class A2a Loan Notes	0.27%	-	-	0.27%	3,874	3,859
Class A2b Euros Loan Notes	0.15%	-	-	0.15%	2,721	2,709
Class Ba Loan Notes	0.38%	23,114	22,931	0.38%	25,800	24,946
Class Bb Euros Loan Notes	0.25%	5,589	5,538	0.25%	6,508	6,283
Class Ca Loan Notes	0.58%	11,500	11,068	0.58%	11,500	10,742
Class Cb Euros Loan Notes	0.45%	6,654	6,369	0.45%	6,942	6,464
Class Da Loan Notes	0.94%	6,000	5,634	0.94%	6,000	5,254
Class Db Euros Loan Notes	0.77%	9,566	8,982	0.77%	9,980	8,671
Class Ea Loan Notes	3.12%	5,600	5,233	3.12%	5,600	5,140
Total Loan Notes		<b>68,023</b>	<b>65,755</b>		<b>78,925</b>	<b>74,068</b>
Residual Certificates	0.00%	6,112	4,890	0.00%	6,922	5,538
Total		<b>74,135</b>	<b>70,645</b>		<b>85,847</b>	<b>79,606</b>

The Series 2006-1 Loan Notes have a final maturity date in June 2038.

Series 2007-1	2024			2023		
	Interest margin	Fair Value £000s	Fair Value £000s	Interest margin	Book Value £000s	Fair Value £000s
Class A2a Loan Notes	0.25%	-	-	0.25%	11,686	11,614
Class A2b Euros Loan Notes	0.13%	-	-	0.13%	15,212	15,106
Class Ba Loan Notes	0.36%	47,007	46,325	0.36%	47,100	45,207
Class Bb Euros Loan Notes	0.22%	46,159	45,360	0.22%	48,250	46,209
Class Ca Loan Notes	0.55%	14,000	13,254	0.55%	14,000	12,667
Class Cb Euros Loan Notes	0.40%	27,783	26,152	0.40%	28,985	26,153
Class Da Loan Notes	0.90%	19,000	17,607	0.90%	19,000	16,842
Class Db Euros Loan Notes	0.72%	19,049	17,603	0.72%	19,873	17,522
Class Ea Loan Notes	2.92%	14,500	13,288	2.92%	14,500	13,404
Total Loan Notes		<b>187,498</b>	<b>179,589</b>		<b>218,606</b>	<b>204,724</b>
Residual Certificates	0.00%	17,472	13,978	0.00%	19,381	15,505
Total		<b>204,970</b>	<b>193,567</b>		<b>237,987</b>	<b>220,229</b>

The Series 2007-1 Loan Notes have a final maturity date in March 2039.

**Notes to the financial statements (continued)**

**For the year ended 30 September 2024**

**17. Loan Notes (continued)**

**b) Loan Notes by Series at 30 September (continued)**

Series 2007-2		2024			2023	
	Interest margin	Fair Value £000s	Fair Value £000s	Interest margin	Book Value £000s	Fair Value £000s
Class Aa Loan Notes	0.26%	5,687	5,673	0.26%	18,212	18,064
Class Ab Euros Loan Notes	0.13%	508	507	0.13%	1,700	1,684
Class Ac US\$ Loan Notes	0.39%	9,137	9,098	0.39%	32,128	31,726
Class Ba Loan Notes	0.42%	75,200	73,854	0.42%	75,200	71,493
Class Ca Loan Notes	0.67%	9,000	8,550	0.67%	9,000	8,096
Class Cb Euros Loan Notes	0.53%	35,020	33,073	0.53%	36,534	32,851
Class Da Loan Notes	1.37%	2,000	1,873	1.37%	2,000	1,799
Class Db Euros Loan Notes	1.20%	23,291	21,726	1.20%	24,298	21,917
Class Ea Loan Notes	3.97%	7,500	7,016	3.97%	7,500	6,981
Class Eb Euros Loan Notes	3.75%	8,318	7,692	3.75%	8,677	8,059
Total Loan Notes		<b>175,661</b>	<b>169,062</b>		215,249	202,670
Residual Certificates	0.00%	14,732	11,786	0.00%	16,745	13,396
Total		<b>190,393</b>	<b>180,848</b>		231,994	216,066

The Series 2007-2 Loan Notes have a final maturity date in June 2039.

Interest on the Loan Notes in each Series is paid quarterly based on the base reference rate plus the relevant interest margin.

The fair values of the Loan Notes have been determined by reference to prices provided from market sources (see note 22).

**18. Called up share capital**

	2024 £000s	2023 £000s
<i>Allotted and part paid</i>		
50,000 (2023: 50,000) £1 shares 25% paid ordinary shares	13	13

**Notes to the financial statements (continued)****For the year ended 30 September 2024****19. Interest rate profile of financial assets and liabilities**

The Company maintains floating rate assets which are broadly matched with floating rate liabilities. The Company does not apply hedge accounting.

The interest rates on the Loan Notes are reset quarterly on the basis of a base reference rate of Compounded Daily SONIA with an additional spread adjustment of 0.1193%, plus applicable margin set for each tranche of each Series at the outset of these transactions.

As at 30 September 2024 the interest rates on financial instruments fell into the following ranges:

<b>Financial assets</b>	<b>Currency</b>	<b>Range</b>
Mortgage Loans	Sterling	1.38% to 9.49% (2023: 5.74% to 10.12%)
<b>Financial liabilities</b>		
Financing – Loan Notes	Sterling	5.38% to 9.09% (2023: 5.26% to 8.99%)
	Euros	3.85% to 7.47% (2023: 3.68% to 7.32%)
	US Dollars	5.76% (2023: 5.64%)

**20. Interest re-pricing table**

The analysis for interest re-pricing on the interest-bearing assets and liabilities is as follows:

	<b>Carrying Value</b>	<b>3 months or less</b>	<b>&gt; 3 months</b>	<b>No specific re-pricing</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
As at 30 September 2024				
Mortgage Loans	376,546	386,411	-	(9,865)
Cash at bank	42,736	42,736	-	-
Fair value derivatives	36,321	36,321	-	-
	<b>455,603</b>	<b>465,468</b>	<b>-</b>	<b>(9,865)</b>

	<b>Carrying value</b>	<b>3 months or less</b>
	<b>£000s</b>	<b>£000s</b>
As at 30 September 2024		
Derivative financial liabilities	157	157
Interest	763	763
Loan Notes	469,498	469,498
	<b>470,418</b>	<b>470,418</b>

## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 20. Interest re-pricing table (continued)

	Carrying value £000s	3 months or less £000s	> 3 months £000s	No specific re- pricing £000s
As at 30 September 2023				
Mortgage Loans	444,693	449,663	-	(4,970)
Cash at bank and in hand	43,065	43,065	-	-
Fair value derivatives	55,630	55,630	-	-
	<u>543,388</u>	<u>548,358</u>	<u>-</u>	<u>(4,970)</u>

	Carrying value £000s	3 months or less £000s
As at 30 September 2023		
Derivative financial liabilities	195	195
Interest	726	726
Loan Notes	<u>555,828</u>	<u>555,828</u>
	<u>556,749</u>	<u>556,749</u>

Under the heading “No specific re-pricing” the amount stated is for the impairment provision accrued in note 12.

Interest on the Loan Notes is currently re-set every three months as set out in note 19.

## 21. Financial risk management

## a) General

During 2006 and 2007 the Company issued Loan Notes listed on the London Stock Exchange, through three separate Series, as described in the strategic report. The Company’s activities, and respective roles and responsibilities of the parties to the transaction (such as swap counterparties, cash manager, Mortgage Servicer etc) are clearly defined under contractual arrangement between the Company and those parties and are summarised in the transaction prospectus published on 11 December 2006, (Series 2006-1), on 14 March 2007, (Series 2007-1) and on 28 June 2007, (Series 2007-2).

The Company’s financial instruments, other than the floating rate Loan Notes it has issued, comprise mortgage assets, cash at bank and in hand and derivatives, and various items, such as debtors and creditors, that arise directly from its operations. 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 is designed to match the funding and risks inherent in the Mortgage Loans acquired by the Company.

The Company has entered into interest rate swaps for each Series to convert the portion of the Mortgage Loans paying interest on fixed and base rates to try and match the portion of the interest payable on the Series Loan Notes funding those fixed and base rate interest Mortgage Loans for that Series.

## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 21. Financial risk management (continued)

## b) Types of risk

*Credit risk*

Credit risk arises primarily from the potential for default of Mortgage Loans. This risk is managed via the Note Issue terms and conditions whereby credit risk is transferred to the noteholders. All mortgages are secured on residential property, the market value of which might fluctuate. Where, in extreme circumstances, a mortgage default results in a repossession of the property, the sale of that property might not achieve sufficient proceeds to repay the mortgage, accrued arrears and costs.

The table below provides further information on residential Mortgage Loans by payment due status. The EIR adjustment is not included.

	2024		2023	
	£000s	%	£000s	%
<b>Not impaired</b>				
Neither past due nor impaired	273,580	74.39%	329,055	77.23%
Past due but not impaired by less than 1 month	16,205	4.41%	20,400	4.79%
	<b>289,785</b>	<b>78.80%</b>	<b>349,455</b>	<b>82.02%</b>
<b>Impaired</b>				
Past due 1 to 2 months	9,635	2.62%	12,802	3.00%
Past due 3 to 6 months	19,325	5.25%	26,222	6.15%
Past due 7 to 12 months	16,944	4.61%	12,008	2.82%
Past due over 12 months	20,510	5.58%	12,036	2.83%
	<b>66,414</b>	<b>18.06%</b>	<b>63,068</b>	<b>14.80%</b>
<b>In possession</b>	<b>11,566</b>	<b>3.14%</b>	<b>13,528</b>	<b>3.18%</b>
	<b>367,765</b>	<b>100.00%</b>	<b>426,051</b>	<b>100.0%</b>

Out of the total loan balance, 91% relate to interest only loans.

There are no significant concentrations of risk due to the large number of customers within the Mortgage Loans portfolios, which are spread over the United Kingdom.

## Notes to the financial statements (continued)

## For the year ended 30 September 2024

## 21. Financial risk management (continued)

## b) Types of risk (continued)

## Reconciliation of Mortgage Loans before provisions

	2024	2023
	£000s	£000s
Mortgages loans at beginning of the year	449,663	528,480
Redemptions during the year	(58,161)	(78,594)
Mortgage balance written off	(125)	(99)
Mortgage Loans at end of the year	391,377	449,787
EIR adjustment	(4,966)	(124)
Balance at end of the year	386,411	449,663

## Carrying value Maximum exposure

Assets	Carrying value	Fair value	Carrying value	Fair value
	2024	2024	2023	2023
	£000s	£000s	£000s	£000s
Mortgage Loans before provisions	386,411	366,297	449,663	417,362
Other debtors	1,999	1,999	1,960	1,960
Cash at bank	42,736	42,736	43,065	43,065
Derivative financial assets	36,321	36,321	55,630	55,630
Total	467,467	447,353	550,318	518,017

*Interest rate risk*

The mortgage pools are made up of floating rate assets which the Company matches with floating rate liabilities. Following noteholder consent, the Sterling denominated floating rate Loan Notes moved from using a reference base rate of LIBOR to SONIA from June 2022 and the US\$ denominated Loan Notes from LIBOR USD to Compounded Daily SOFR from March 2023.

The Company has entered into interest rate swaps with a third party to manage risks associated with the portion of the Mortgage Loan portfolio paying interest on fixed and base rates. The principal profiles for each swap are linked to the actual redemption profile of the individual mortgage pools. Subsequently the swaps amortise as the mortgage pool is redeemed.

Part of the Mortgage Loan portfolio references the UK base rate at year end and this exposure has been hedged through derivatives.

During February 2024, the Mortgage Servicer completed the transition of the underlying Mortgage Loans from LIBOR to SONIA.

*Liquidity risk*

Mortgage Loans are funded by the issue of limited recourse Loan Notes. Liquidity risk is managed by issuing the Loan 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 mitigated by the limited recourse nature of the Loan Notes and through liquidity facility agreements.

## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 21. Financial risk management (continued)

## c) Types of risk (continued)

The Loan Notes are subject to mandatory redemption in part on each interest payment date in an amount equal to the principal received or recovered in respect of the Mortgage Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on their final maturity date, subject to the exercise of the Post Realisation Purchase Option. However, due to the limited recourse obligations of the Company in respect of the Loan Notes, the Company is ultimately only obliged to make repayments on the Loan Notes to the extent that repayments are received from the Mortgage Loans or cash remains in the Reserve funds, as set out in the relevant Series priority of payments.

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

	After 1 month but within 3 months £000s	After 3 months but within 1 year £000s	After 1 year but within 5 years £000s	After 5 years £000s	Total £000s
<b>As at 30 September 2024</b>					
Derivative financial liabilities	5	16	84	52	157
Interest	6,107	18,321	73,308	113,322	211,058
Loan Notes	13,585	40,755	163,073	252,085	469,498
	<b>19,697</b>	<b>59,092</b>	<b>236,465</b>	<b>365,459</b>	<b>680,713</b>
	After 1 month but within 3 months £000s	After 3 months but within 1 year £000s	After 1 year but within 5 years £000s	After 5 years £000s	Total £000s
<b>As at 30 September 2023</b>					
Derivative financial liabilities	6	18	96	75	195
Interest	6,482	19,446	77,874	133,542	237,344
Loan Notes	15,180	45,541	182,370	312,737	555,828
	<b>21,668</b>	<b>65,005</b>	<b>260,340</b>	<b>446,354</b>	<b>793,367</b>

The Loan Notes have no contractual amortisation profile, principal repayments on the Mortgage Loans are used to redeem the Loan Notes. The maturity profile on the Loan Notes above is estimated using the expected maturity profile of the underlying mortgage assets. The interest payable on the outstanding principal is calculated up to the expected life of the Loan Notes.

The Loan Notes can be expected to redeem earlier than their final maturity date, due to the timing of the redemption of the underlying mortgage pool. The Loan Notes are in effect limited recourse in nature (due to the Post Realisation Purchase Option attached to each Series) and repayment is restricted to the income received by the Company on the underlying residential mortgages acquired.

The Company has committed liquidity facilities provided by Danske Bank A/S and Bank of New York Mellon, for which commitment fees of £98k (2023: £114k) have been charged. There were no drawdowns at year end and the facility amounts at 30 September are as follows:

## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 21. Financial risk management (continued)

## c) Types of risk (continued)

	2024	2023
	£000s	£000s
Liquidity facility – 2006-1 with Danske Bank A/S	4,641	4,641
Liquidity facility – 2007-1 with Danske Bank A/S	8,507	8,507
Liquidity facility – 2007-2 with Bank of New York Mellon	7,484	7,484
<b>Total liquidity facilities</b>	<b>20,632</b>	<b>20,632</b>

*Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Company's main foreign currency risk exposure is from the proportion of the Loan Notes issued by the Company denominated in Euros and US Dollars. The Company has entered into cross currency swaps to provide an economic hedge against the risk of fluctuations in the exchange rates, the derivative instruments used to match the maturity of the underlying floating rate Loan Notes.

Given the Company is fully economically hedged, if the Euro exchange rate or US dollar exchange rate was 1% higher or lower, with all other variables held constant, this will have no material economic impact over the life of the Loan Notes. Any derivative fair value movement would be offset to a certain degree against the foreign currency effects on the Loan Notes carrying amount in the balance sheet over the life of the Loan Notes. In the short term however some volatility within the Statement of Comprehensive Income can be expected due to fair value movements on the swaps not exactly matching foreign exchange movements on the Loan Notes, given that the derivative valuations incorporate expected future discounted cash flows. Due to the fact that the Loan Notes are measured at amortised cost and the swaps are recognised at their fair value, a material timing difference may therefore arise that is expected to reverse during the life of the transaction.

## 22. Fair value of financial assets and financial liabilities

The Company does not trade in financial instruments.

The Company's financial instruments, other than the Loan Notes it has issued, comprise mortgage assets, borrowings, some cash and liquid resources, and derivatives and various items, such as debtors and creditors etc. that arise directly from its operations. 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 Loan portfolios acquired by the Company.

Set out below is a comparison by category of book values and fair values of the Company's financial assets and liabilities.



## Notes to the financial statements (continued)

## For the year ended 30 September 2024

## 22. Fair value of financial assets and financial liabilities (continued)

	2024 Book value £000	2024 Fair value £000	2023 Book value £000	2023 Fair value £000
Assets:				
Mortgage Loans	376,546	356,945	444,693	412,749
Derivative financial instruments	36,321	36,321	55,630	55,630
Other debtors	1,999	1,999	1,960	1,960
Cash at bank	42,736	42,736	43,065	43,065
	<b>457,602</b>	<b>438,001</b>	<b>545,348</b>	<b>513,404</b>
Liabilities:				
Loan Notes	469,498	445,059	555,828	515,900
Derivative financial instruments	157	157	195	195
Other creditors	196	196	163	163
	<b>469,851</b>	<b>445,412</b>	<b>556,186</b>	<b>516,258</b>

Market prices of the Loan Notes depend on how the Mortgage Loans are performing and therefore the fair value of the Mortgage Loans and derivative financial assets has been calculated as being in line with the total fair value of the Loan Notes and derivative financial liabilities.

The fair value of the financial assets and financial liabilities have been calculated using the three level valuation techniques set out in note 23.

Level 1 - Valuation technique input has been used to value cash and cash equivalents due to their inherent nature.

Level 2 - Valuation technique using significant input.

Level 3 - Valuation technique using significant unobservable input, has been used to calculate the fair value of the Loan Notes, Mortgage Loans and derivative instruments. The assumptions with the most significant impact on the fair value are the timing and quantum of future payments under the Mortgage Loans and future expected interest rate curves.

The fair values of the long-term borrowings are calculated using third party valuation by J.P.Morgan Chase & Co. for the Loan Notes on 30 September 2024, and are therefore deemed to be Level 3.

The fair values of the Mortgage Loans have been derived by reference to the fair values of the Loan Notes.

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2024**

**23. Financial instruments held at fair value**

**Quoted market prices - Level 1**

Financial instruments, the valuation of which are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis.

**Valuation technique using observable inputs - Level 2**

Financial instruments that have been valued using inputs other than quoted prices as described for Level 1 but which are observable for the asset or liability, either directly or indirectly.

**Valuation technique using significant unobservable inputs - Level 3**

Financial instruments, the valuation of which incorporates significant inputs for the asset/liability that aren't based on observable market data: unobservable inputs, which are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques. No sensitivity analysis has been performed in respect of the derivative contracts given the valuations have been provided by external counterparties. Given these contracts are perfect economic hedges linked to the outstanding balance of the Mortgage Loans of each Series, any impact to the Statement of Comprehensive Income would be in respect of fair value movements only and purely temporary given these derivatives are expected to unwind in line with the underlying Mortgage Loans. Thus, no sensitivity analysis has been performed in respect of the derivative contracts given the valuations have been provided by external counterparties.

Derivatives are valued at fair value through the Statement of Comprehensive Income. The run-off of the Mortgage Loans, which drives the assumed notional balance of the swap, and future rates are not market observable. Therefore, the Directors consider that the interest rate and cross currency swap derivatives should be regarded as Level 3 fair value.

	Valuation based on			
	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
30 September 2024	£000s	£000s	£000s	£000s
Derivative financial assets	-	-	36,321	36,321
Derivative financial liabilities	-	-	157	157
30 September 2023				
Derivative financial assets	-	-	55,630	55,630
Derivative financial liabilities	-	-	195	195

## Notes to the financial statements (continued)

For the year ended 30 September 2024

## 24. Notes to the cash flow statement

## 2024

## Analysis of changes in net debt

	At October 2023 £000s	Cash flows £000s	Fair Value and Exchange Rate Movements £000s	Other non- cash changes £000s	At 30 September 2024 £000s
Cash	43,065	(329)	-	-	42,736
<b>Cash at bank</b>	<b>43,065</b>	<b>(329)</b>	<b>-</b>	<b>-</b>	<b>42,736</b>
<b>Borrowings</b>					
Loan Notes due within one year:	(60,721)	71,327	1,363	(66,355)	(54,386)
Loan Notes due after one year:	(495,107)	-	8,909	71,040	(415,158)
	(555,828)	71,327	10,272	4,685	(469,544)
<b>Change in net debt</b>	<b>(512,763)</b>	<b>70,998</b>	<b>10,272</b>	<b>4,685</b>	<b>(426,808)</b>

## 2023

## Analysis of changes in net debt

	At October 2023 £000s	Cash flows £000s	Fair Value and Exchange Rate Movements £000s	Other non- cash changes £000s	At 30 September 2023 £000s
Cash	44,954	(1,889)	-	-	43,065
<b>Cash at bank</b>	<b>44,954</b>	<b>(1,889)</b>	<b>-</b>	<b>-</b>	<b>43,065</b>
<b>Borrowings</b>					
Loan Notes due within one year:	(105,444)	98,119	1,155	(54,551)	(60,721)
Loan Notes due after one year:	(558,387)	-	8,151	55,129	(495,107)
	(663,831)	98,119	9,306	578	(555,828)
<b>Change in net debt</b>	<b>(618,877)</b>	<b>96,230</b>	<b>9,306</b>	<b>578</b>	<b>(512,763)</b>

**Notes to the financial statements (continued)****For the year ended 30 September 2024****25. Related party transactions**

Under the terms of corporate service agreement Law Debenture Corporate Services Limited is contracted to provide certain corporate service including a registered office, administration and Directors among other things for which it charges a corporate service fee. Amount prepaid at year end is £6k (2023: £nil).

	2024 £000s	2023 £000s
Corporate service fee	<u>64</u>	<u>26</u>

As at 30 September 2024, the Directors were key management personnel (defined as the persons having authority and responsibility for planning, directing and controlling the activities of the Company, subject to the transaction documents). The Directors received no remuneration during the year (2023: £nil).

**26. Ultimate controlling party**

The entire issued share capital of Great Hall Mortgages No.1 Plc is held by The Law Debenture Intermediary Corporation Plc and The Law Debenture Trust Corporation Plc under a declaration of trust for discretionary charitable purposes. Legally, both the immediate and ultimate parent undertaking of Great Hall Mortgages No.1 Plc is The Law Debenture Intermediary Company Plc, a Company incorporated in the United Kingdom. However, as The Law Debenture Intermediary Corporation Plc nor The Law Debenture Trust Corporation Plc have any economic interest in the Company, from an accounting perspective, the Directors do not consider the Company to have a controlling party.

**27. Post balance sheet events**

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