MORTIMER BTL 2021-1 PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

REGISTERED NUMBER: 13340043

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FOR THE YEAR ENDED 31 MARCH 2024

COMPANY INFORMATION

Directors

L.D.C. Securitisation Director No. 1 Limited
L.D.C. Securitisation Director No. 2 Limited
M.H. Filer

Secretary
Law Debenture Corporate Services Limited

Registered Office
8^{th} Floor
100 Bishopsgate
London EC2N 4AG

Registered Number
13340043

Auditor
BDO LLP
55 Baker Street
United Kingdom W1U 7EU

Bankers
Citigroup
Citigroup Centre
33 Canada Square
London E14 5LB

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present their strategic report for Mortimer BTL 2021-1 Plc (the "Company") for the year ended 31 March 2024.

General company information
The Company was incorporated in England and Wales on 16 April 2021 as a public limited company with the registered number of 13340043.

Principal activities and review of business
The principal activity of the Company is to act as a special purpose vehicle for residential buy-to-let mortgages (the "mortgage loans") financed through the issuance of asset backed floating rate and unrated notes (The "Loan notes").

On 21 June 2021 the Company issued the loan notes to finance and acquire the mortgage loans originated by LendInvest BTL Limited (the "Sellers" or "Servicers") which is wholly owned by LendInvest Loan Holdings Limited. LendInvest Loans Holdings Limited is wholly owned by LendInvest Plc ("LendInvest"). The finance obtained is limited recourse in nature and repayment is restricted to the income received by the Company on the underlying mortgage loans acquired and is secured against the assets of the Company with Citicorp Trustee Company Limited acting as Security Trustee. All payments made by the Company are subject to a payment waterfall as set out in the documents underlying the transaction. Citibank Europe Plc, UK branch, act as the as cash manager under the transaction documents.

The Loan notes issued by the Company on 21 June 2021, as described in the offering circular, are listed on the London Stock Exchange. These comprise of Sonia indexed loan notes plus a margin.

The notes comprise of the following classes, Class A, Class B, Class C, Class D, Class E, Class X1 and Class X2

Class of Notes	Initial Principal Amount	Issue Price	Margin	Final Maturity Date	Balance outstanding at 31 March 2024
	£000				£000
A	245,000	100.000%	0.70%	21-Jun-53	167,540
B	16,800	100.000%	1.10%	21-Jun-53	16,800
C	9,800	100.000%	1.45%	21-Jun-53	9,800
D	6,300	100.000%	1.85%	21-Jun-53	6,300
E	2,100	97.976%	3.40%	21-Jun-53	2,100
X1	11,900	100.000%	3.84%	21-Jun-53	-
X2	5,600	100.000%	5.94%	21-Jun-53	2,437
	297,500				204,977

As part of the transaction the Company has entered into a servicing agreement with the Servicers to service and administer the underlying mortgage loans for which they receive a servicing fee.

In the prior years, legal ownership of the mortgage loans acquired under the transaction failed the recognition criteria of IFRS9: "Financial Instruments", because LendInvest BTL Limited retained substantially all the risks and rewards of ownership by being entitled to any residual cash flows after payment of all other expenses under the transaction documents. Accordingly, the beneficial interest in the mortgage loans was recognised as a deemed loan in the Company's financial statements and the mortgage loans remained on the balance sheet of LendInvest BTL Limited. LendInvest Plc was considered the ultimate controlling party and as such the results of the Company were included in the consolidated financial statements of LendInvest Plc.

During the current year, LendInvest BTL Limited sold its beneficial interest in the mortgage loans to a third party and as a result, the mortgage loans are now recognised on Mortimer BTL 2021 Plc's Balance sheet.

Performance in the year

The Company, being the Issuer, made a loss before tax of £4,494k (2023: 18k loss). As per the terms of transaction documents, the Company retains a pre-determined Issuer profit of £300 on each interest payment date ("IPD").

Principal risks and uncertainties

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered. The overall objective is to set policies that enable the company to effectively manage its assets and meet its obligations.

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and interest rate risk. These risks are outlined in detail below;

Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's mortgage loans and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is set out in Note 2 to the financial statements.

The major assets of the Company are the mortgage loans. The directors assess the performance of the mortgage loans for credit risk.

The Company has appointed the Servicers to service the mortgage loans. They manage the Company's exposure to credit losses by assessing a borrowers' ability to repay the mortgage loans, the borrower's risk profile, and their stability during the underwriting process. Impairments are monitored and provided for using various techniques. Such techniques are:

- Making conscious lending decisions aligned to policy, considering both the suitability of the product and the ability to repay and service any debt.
- Credit decisioning based on data from a number of different sources, internal expertise and the existence of development track record.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to meet the payments on the notes as they fall due is dependent on the timely receipt of funds which may be delayed due to slow repayments on the mortgage loans.

In the event that the Company has insufficient funds available to pay interest and/or principal on the notes, then it is obliged to draw on the general reserve fund to meet its obligations to the holders of the notes. If, following drawing upon the liquidity reserve fund, on any IPD, the Company has insufficient funds to make payment in full of all interest, (other than the Class A Notes) then the Company is entitled to defer payment of that amount until the following IPD.

***Liquidity risk management* (Continued)**
The Company's primary assets, the mortgage loans, are financed principally by the issuance of the notes. The financing policy substantially reduces the company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded. The notes are limited recourse in nature, meaning that if the proceeds from the mortgage loans are insufficient to pay amounts due to the holders of the notes, such amounts will cease to be due and payable by the Company.

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

Interest paid on the notes are at a floating rate whilst interest received on the underlying mortgage loans is at fixed and floating rates. The Company mitigates its interest rate risk on the underlying fixed rate mortgage loans by entering into interest rate swap agreements with suitably rated counterparties. As a result, the Company does not have a material net interest rate risk exposure.

Key performance indicators (KPIs)
The Company uses key performance indicators to track progress against its plans. The net interest income and performance of the mortgage loans are key performance indicators. The Company monitors the monthly servicer reports that contain a range of data on the performance of the mortgage loans including payment arrears, Loan to Value percentages and restructured mortgages.

The Company generated a loss of £4,494k (2023: £18k loss) for the year. The Company is currently predominantly financed by the issuance of loan notes amounting to £297,500k at inception. Loan notes balance as at year end was £205,315 (2023: £248,618).

Section 172(1) of the companies Act 2016
As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time the Company issued the Notes 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:

a) 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 and as disclosed in note 1:
b) the transaction documents only allow the Company to retain a minimal profit and due to the limited recourse nature of the structure, the returns to Noteholders are limited by the cashflows received;
c) the company has no employees;
d) the Company is a securitisation vehicle and therefore a key stakeholder are the Noteholders. The transaction documents determine the nature and quality of assets that can be securitised and how the cash flows from securitised assets are distributed. Relationships are also fostered with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers;
e) as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
f) the Company maintains a reputation for high standards of business conduct via professional third parties who have contracted with the Company to provide specific operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the transaction documents including a priority of payments, if applicable; and
g) the Company has a sole member The Law Debenture Intermediary Corporation and entire issued share capital on a discretionary trust basis for the benefit of certain charities.

Future outlook

The impact of world events and the resultant cost of living crises has been assessed at a LendInvest Group level and several financial plans have been prepared for the forthcoming year across a range of potential scenarios.

Due to the limited recourse nature of the loan notes issued by the Company, any impact of the uncertainty surrounding the events in Ukraine and the resulting cost of living crisis on the results of the Company will not impact on its ability to continue to operate as a going concern.

By order of the Board

Mark Filer
For and on behalf of L.D.C. Securitisation Director No.1 Limited
Director

11 February 2025

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2024 .

Future outlook

See strategic report.

Principal risks and uncertainties

See strategic report and Note 2.

Going concern

The Company has reported a loss before taxation for the current period and is in a net asset position as at 31 March 2024.

It is the intention of the directors of the Company to continue operations until such a time as the amount due on the mortgage loans has been fully realised. Ultimately due to the limited recourse nature of the notes, any shortfall in the proceeds of the mortgage loans will be a risk to the holders of the notes. If the proceeds from the mortgage loans are insufficient to pay amounts due to the holders of the notes, such amounts will cease to be due and payable by the Company.

The impact of world events and the resultant cost of living crisis has been assessed at a LendInvest Group level and several financial plans have been prepared for the forthcoming year across a range of potential scenarios. The directors have reviewed these plans and consider the Company to have sufficient resources to continue its activities for 12 months from the report signing date, including against the most severe but plausible outcome and do not consider there to be any material uncertainty.

The directors therefore 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.

Results and dividends

The Company made a loss of £4,494k (2023: £18k loss) before tax for the year. The Company paid no dividends during the current year or prior period and the directors do not recommend a final dividend.

Political and charitable donations

The Company did not make any political or charitable donations during the current year or prior period.

Directors

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

L.D.C. Securitisation Director No. 1 Limited
L.D.C. Securitisation Director No. 2 Limited
M.H.Filer

None of the directors who held office during the year or prior period and up to the date of this report held any beneficial interest in the share capital of the company and nor did they have any material contract or arrangement with the Company.

The Company has no employees.

Directors' Report (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Directors' indemnities
The directors are provided by Law Debenture Corporate Services Limited under a Corporate Services Agreement which contains certain indemnities for the directors which were in place during the period and remain in force at the date of this report. Law Debenture Corporate Services Limited maintains its own insurance for the services it provides.

Disclosure of information to auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware and;
- each director has taken all the steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office and a resolution to support them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the board:

Mark Filer
For and on behalf of L.D.C. Securitisation Director No.1 Limited
Director

11 February 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR FROM ENDED 31 MARCH 2024

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

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

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

The financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to the members of Mortimer BTL 2021-1 Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mortimer BTL 2021-1 Plc (the 'Company') which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flow and notes to the financial statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the going concern assessment made by the Directors and assessing this against various factors, including;
    - Our understanding of the Company that we obtained during the audit,
    - The underlying legal and transaction documents (the "SPV set up documentation"), including the listing particulars and the terms of the notes issued.
- Assessing the recoverability of the deemed loan through review of the underlying assets and liquidity of the borrower.
- Assessing the appropriates of the disclosures in the financial statements with reference to the requirements of the applicable financial reporting framework, our understanding of the Company and the consistency with the Directors going concern assessment.

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

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

Overview

Key audit matters		2024	2023
	Interest Income including EIR (Effective Interest rate)	✓	✓
	Determination of Expected Credit Loss (ECL)	✓	✓
	Recognition of Deemed Loan		✓
	Recognition of Deemed Loans no longer considered to be a key audit matter because in prior year management have concluded that LendInvest BTL Limited (the mortgage originator) has not transferred substantially the risks and rewards of ownership of underlying mortgages, and deemed loan was recognised. In current year the risks and rewards have been transferred and the deemed loans are no longer in the Financial statements.		
Materiality	£2.3m (2023:£3.3m) based on 1% (2021: 1.2%) of total asset.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Climate change
Our work on the assessment of potential impacts of climate-related risks on the Company's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Company operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of managements disclosures included in the Strategic Report on page 3 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks

Key audit matters

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
Recognition of Finance Income including EIR (Effective Interest rate) Note 1 Critical accounting estimates and judgments, and Note 4 – Finance income	A significant change was made to how the company calculates its Effective Interest Rate (EIR), which affects the way it recognizes interest income. The process involves significant judgment, as the EIR depends on estimates and assumptions about future cash flows. These estimates can be affected by various factors like changes in market conditions or borrower behaviour, making it a complex area that requires careful attention. Errors within the EIR models themselves or bias in key assumptions applied could result in the material misstatement of revenue. As a result of the magnitude of finance income and its significance to the financial statements, the recognition of Finance income was considered to be a key area of focus for our audit and an applicable fraud risk.	We obtained the company's revised methodology for calculating EIR and examined the assumptions used, including projected cash flows, prepayment rates, and borrower behaviour, to understand how these changes would impact interest income. We have challenged the reasonableness of the loan behavioural life assumptions used by management considering historical experience of loan behavioural lives based on customer behaviour. The procedures involved recalculating the EIR for a sample of financial instruments based on the company's assumptions to assess whether the methodology was applied consistently and in line with relevant accounting standards. We verified the accuracy and completeness of the underlying data used in the EIR calculations. To assess the potential impact of changes in key assumptions, the team performed a sensitivity analysis. We reviewed the relevant interest income and effective interest rate disclosures made by management for compliance with accounting standards and agreed the disclosures to supporting evidence. **Key observations:** Based on the procedures performed, we have not identified any indicators to suggest that the recognition of mortgage interest income was inappropriate.
Expected Credit Loss (ECL)	Commensurate with the activities of the Company, the total expected credit loss provision is a material balance subject to	**Accuracy of forward-looking information** We have engaged internal credit and econometric experts to assist in assessing the appropriateness

Note 1 Mortgage Loans and mortgage impairment provisions; Note 7 Mortgage loans	management judgement and estimation. We have assessed the elements of the ECL calculation which will significantly impact the determination of the ECL as follows: **Accuracy of forward-looking information** Under applicable accounting standards, the Company is required to measure the expected credit loss (ECL) on a forward-looking basis, incorporating future macro-economic variables reflecting a range of future conditions. The incorporation of such forward-looking macro-economic inputs and weighting of the scenarios is considered a significant risk across the mortgage portfolios, especially in the continued downturn of the current economic environment. Error within the loan ECL model applied or bias in key assumptions applied could result in the material misstatement of impairment provision. For these reasons we considered this to be a key audit matter and an area with an applicable fraud risk.	of the regression models and the source and type of macro-economic variables used such as GDP and unemployment data. We have challenged management on the rationalisation of any changes made to information obtained from external sources and have checked its appropriateness to the current lending portfolio. We have challenged the appropriateness of management's assumptions and judgements made in their forecast. In doing so we agreed key assumptions such as forecast growth to historic actuals and relevant market data and considered the historical accuracy of management's forecasts. We have assessed the reasonability of multiple economic scenarios used and weighting by considering the number of scenarios selected based on management's support. We have obtained an understanding of management's process and identified and tested key controls relating to post-model adjustments, such as approval from appropriate governance committees and completeness and accuracy of management overlays. We have tested the completeness of the data used for management overlays and assessed if other overlays are required, based on experience. We have tested the arithmetical accuracy of the overlays. Key observations: We have not identified any indicators to suggest that the provision for loans and advances to customers is unreasonably estimated in consideration of the key assumptions and judgements made is not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	The company's financial statements	
	2024 £m	2023 £m
Materiality	2,327,000	3,312,000
Basis for determining materiality	1% of Total asset	1.2% of Total assets
Rationale for the benchmark applied	The Company is not a profit-based company, and therefore, is reliant on the assets of the Company to match and settle the liabilities.	
Performance materiality	1,745,000	2,649,000
Basis for determining performance materiality	75% of materiality	80% of materiality
Rationale for the percentage applied for performance materiality	Determined based on criteria such as the Company's overall control environment and the complexity of the Company.	

Reporting threshold

We agreed with Management and Those Charged With Governance that we would report to them all individual audit differences in excess of £116,000 (2023: £99,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. :he light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the applicable accounting framework and Companies Act 2006.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be manual elements of the control environment.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias [refer to key audit matters]; and

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Stefan Beyers
CE728DA8A36C4A1...

Stefan Beyers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, *UK*
11 February 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Finance income	5	**18,938**	9,921
Finance expense	6	**(16,783)**	(7,856)
Net finance income		**2,155**	2,065
Administrative expenses		**(583)**	(2,064)
Expected credit gain/(loss)	9/10	**130**	(19)
Fair value loss on derivatives		**(6,196)**	-
(Loss) from operations before tax		**(4,494)**	(18)
Tax charge	8	**-**	3
(Loss) for the year		**(4,494)**	(15)
Other comprehensive income:			
Cash flow hedge adjustment through other comprehensive Income		**-**	8,596
Other comprehensive income for the year, net of tax	3	**-**	-
Total comprehensive (loss)/profit for the year		**(4,494)**	8,581

The above amounts relate exclusively to continuing operations.

The notes on pages 21 to 36 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
NON-CURRENT ASSETS			
Derivative Financial Instrument	14	**6,650**	13,063
Deemed Loan	9	**-**	236,605
Mortgage loans	10	**191,231**	-
		197,881	249,668
CURRENT ASSETS			
Mortgage loans	10	**9,447**	-
Trade and other receivables	11	**8,030**	11,540
Cash and cash equivalents		**3,990**	6,330
Derivative financial instrument	14	**8,989**	8,772
TOTAL CURRENT ASSETS		**30,456**	26,642
CURRENT LIABILITIES			
Trade and other payables	12	**7,333**	7,538
Loan notes	13	**9,447**	1,163
NET CURRENT ASSETS		**13,676**	17,941
TOTAL ASSETS LESS CURRENT LIABILITIES		**211,557**	267,609
NON-CURRENT LIABILITIES			
Loan notes	13	**194,652**	246,210
NET ASSETS		**16,905**	21,399
EQUITY			
Called up share capital	15	**12**	12
Cash flow hedge reserve		**-**	21,401
Retained earnings		**16,893**	(14)
TOTAL EQUITY		**16,905**	21,399

The notes on pages 21 to 36 form part of these financial statements.

Approved and authorised for issue by the directors on 11 February 2025 and signed on the Company's behalf by:

Mark Filer
For and on behalf of L.D.C. Securitisation Director No.1 Limited
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital	Cash flow hedge	Retained	Total
Balance as at 31 March 2022	12	12,805	1	12,818
(Loss) for the year	-	-	(15)	(15)
Other comprehensive income	-	8,596	-	8,596
Balance as at 31 March 2023	12	21,401	(14)	21,399
(Loss) for the year	-	-	**(4,494)**	**(4,494)**
Transfer from cashflow hedge reserve	**-**	**(21,401)**	**21,401**	**-**
Balance as at 31 March 2024	**12**	**-**	**16,893**	**16,905**

The notes on pages 21 to 36 form part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	£000	£000
Cash flows from operating activities		
(Loss) before taxation on ordinary activities before taxation	(4,495)	(18)
EIR adjustment	1,482	-
Derivative settlement	(9,959)	4,525
Amortisation of issue cost	16	382
Amortisation of discount	9	7
Amortisation of deferred consideration	3,510	-
Impairment provisions	(130)	19
Derivative, hedge accounting and committed facility fair value losses/(profits)	6,196	(12,886)
Taxation	-	3
Change in working capital		
Decrease in debtors	-	3,258
(Decrease)/Increase in creditors	(759)	33
Net cash used in operating activities	(4,133)	(4,677)
Cash flows used in investing activities		
Repayment of mortgage deemed loan	-	36,814
Repayment of mortgage loan	34,310	-
Derivative settlement	9,959	-
Net cash generated from investing activities	44,272	36,814
Cash flows from financing activities		
Repayment of loan notes	(42,479)	(30,822)
Cash (used in) financing activities	(42,479)	(30,822)
Net (decrease)/increase in cash and cash equivalents	(2,340)	1,314
Cash and cash equivalents at the start of the year	6,330	5,016
Cash and cash equivalent at year end	3,990	6,330

Interest received was £10.2m (2023: £9.9m) and interest paid was £13.2m (2023: £8.3m)

The notes on pages 21 to 36 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information
Mortimer BTL 2021-1 Plc was incorporated on 16 April 2021 in the United Kingdom under the Companies Act 2006. The address of its registered office is given on page 2.

The Company is a securitisation special purpose vehicle for residential buy-to-let mortgages (the "mortgage loans") financed through issuance of asset backed floating rate and unrated notes (the Loan notes").

Significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated. The financial statements are presented in Sterling rounded to the nearest £ thousand.

Basis of accounting
These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland and in accordance with the Companies Act 2006.

The Company is a wholly owned subsidiary of Mortimer BTL 2021-1 Parent Limited whose shares are held in Trust by The Law Debenture Intermediary Corporation P.L.C and therefore the Company is not legally part of the LendInvest Group. However, the LendInvest Group controls the principal activities of the Company and it is exposed to variability of returns in respect of the mortgage loans sold.

Going concern
The Company has reported a £4,494k loss (2023: £18k loss) before taxation for the current period and is in a net asset position as at 31 March 2024.

It is the intention of the directors of the Company to continue in its operations in accordance with the transaction documents. Ultimately due to the limited recourse nature of the loan notes, any shortfall in the proceeds of the mortgage loans will be a risk to the holders of the loan notes. If the proceeds from the mortgage loans are insufficient to pay amounts due to the holders of the loan notes, such amounts will cease to be due and payable by the Company.

The impact of world events and the resultant cost of living crisis has been assessed at a LendInvest Group level and several financial plans have been prepared for the forthcoming year across a range of potential scenarios. The directors have reviewed these plans and consider the Company to have sufficient resources to continue its activities for 12 months from the report signing date, including against the most severe but plausible outcome and do not consider there to be any material uncertainty.

Therefore, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Finance income
Finance income represents interest and other income on the mortgage loan. Finance income is accounted for under IFRS 9 on an effective interest rate ("EIR") basis, inclusive of directly attributable incremental transaction costs and fees including arrangement and broker fees, valuation and solicitor costs, discounts and premiums where appropriate. The EIR basis spreads the interest income over the expected life of each instrument.

Finance expense
Finance expense represents interest expense on loan notes which are accounted for on an EIR basis, inclusive of directly attributable incremental transaction costs and fees including structuring fees and set up costs (legal fees).

Administration expenses
Administration expenses comprising of legal, professional and consultancy fees, are recognised in the statement of comprehensive income on an accruals basis. Also recognised within administration expenses are servicing fees paid to LendInvest BTL Limited.

Taxation
The Company is within the permanent regime for taxation of securitisation companies, under which they are taxed by reference to their contractually retained profits (to the extent that they are realised). Taxable profits under the permanent regime will normally equal the contractual profit as defined by the original transaction documentation, being £1.2k (2023: £1.2k) for the period ended 31 March 2024. Consequently, neither current tax nor deferred tax will be affected by any fair value gains or losses arising on derivatives and other financial instruments.

Financial instruments

(i) Classification and measurement

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets
The Company has opted to apply the recognition and measurement provisions of IFRS 9 *Financial Instruments.* IFRS 9 requires the classification of financial assets to be determined by a contractual cash flows test referred to as Solely Payment of Principal and Interest ("SPPI") and the nature of the underlying financial asset and the business model under which it is being held. Financial assets that fail the SPPI test are measured at fair value through the income statement net of any expected credit losses.

The impairment requirements are applied by reference to the credit quality at initial recognition and borrower repayment timeliness.

Mortgage loans
During the current year, LendInvest BTL Limited sold its beneficial interest in the mortgage loans to a third party and as a result, the mortgage loans are now recognised on the Company's Balance sheet and accounted for as mortgage loans and not a deemed loan to LendInvest BTL as was the case in the prior years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Classification and measurement (continued)

Mortgage loans (Continued)
The mortgage loans are classified as financial assets recognised at fair value in accordance with IFRS 9 because their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding. The Company's business model with regards the mortgage loans is to hold them to collect contractual cash flows, rather than selling them to generate cash flows.

The mortgage loans are measured at amortised cost using the effective interest rate ("EIR") less any provision where the loans are considered to be impaired.

Impairment
The Director's place reliance on the impairment assessment of the mortgage loans performed by the Servicer.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Financial liabilities included in trade and other payables and loan notes are recognised initially at fair value and subsequently at amortised cost. The fair value of a non- interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Derivative financial instruments
The Company enters into interest rate swaps to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The fair value changes of the derivatives are determined on a compounded daily SONIA basis, and accounted for as cash flow hedges as permitted under IFRS 9. The effective derivative fair value gain or loss is deferred in the cash flow hedge reserve until the hedged risk affects the income statement; ineffective derivative fair value change are recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

(i) Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has substantially transferred all risks and rewards of ownership. If substantially all risks and rewards have been neither retained nor transferred the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

Impairment
Impairment provisions are calculated on an expected credit loss ('ECL') basis. Financial assets are classified individually into one of the categories below:

- Stage 1 – assets are allocated to this stage on initial recognition and remain in this stage if there is no significant increase in credit risk since initial recognition. Impairment provisions are recognised to cover 12-month ECL, being the proportion of lifetime ECL arising from default events expected within 12 months of the reporting date.
- Stage 2 – assets where it is determined that there has been a significant increase in credit risk since initial recognition, but where there is no objective evidence of impairment. Impairment provisions are recognised to cover lifetime probability of default. An asset is deemed to have a significant increase in credit risk where:
  - The creditworthiness of the borrower deteriorates such that their risk grade increases by at least one grade compared with that at origination;
  - The borrower falls more than one month in arrears; and
  - LTV exceeds 85%
- Stage 3 – assets where there is objective evidence of impairment, i.e. they are considered to be in default. Impairment provisions are recognised against lifetime ECL. For assets allocated to stage 3, interest income is recognised on the balance net of impairment provision.

Purchased or originated credit impaired ('POCI') – POCI assets are financial assets that are credit impaired on initial recognition. On initial recognition, they are recorded at fair value. ECLs are only recognised or released to the extent that there is a subsequent change in the ECLs. Their ECLs are always measured on a lifetime basis. Where there is objective evidence that asset quality has improved, assets will be allocated to a lower risk category. For example, loans no longer in default (stage 3) will be allocated to either stage 2 or stage 1. Evidence that asset quality has improved will include:

- repayment of arrears;
- improved credit worthiness; and
- term extensions and the ability to service outstanding debt.

If a loss is ultimately realised, it is written off against the provision previously provided for with any excess charged to the impairment provision in the statement of profit and loss

The Company incorporates forward-looking information into the calculation of ECLs and the assessment of whether there has been a significant increase in credit risk ('SICR'). The use of forward-looking information represents a key source of estimation uncertainty. The Company uses three forward-looking economic scenarios:

- a central scenario aligned to the Company's business plan;
- a downside scenario as modelled in the Company's risk management process; and
- an upside scenario representing the impact of modest improvements to assumptions used in the central scenario.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Significant accounting judgements and estimates (continued)

The macroeconomic data inputs applied in determining the Company's expected credit losses are sourced from Oxford Economics (a third-party provider of global economic forecasting and analysis). Oxford Economics combines two decades of forecast errors with its quantitative assessment of the current risks facing the global and domestic economy to produce robust forward-looking distributions for the economy. Using specific percentile points in the distribution of several key metrics such as GDP, unemployment, house prices and commercial real estate prices, we receive three alternative scenarios relating to a base case (most likely), downside (broadly equivalent to a one-in-ten year event) and a moderate upside scenario.

Effective interest rate
In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. Any changes in these estimates would result in an adjustment to the carrying value of the deferred consideration. The corresponding charge or release to the profit and loss will be included in the period in which the estimates are revised.

For all financial assets and liabilities measured at amortised cost, income and expenses are recognised in the Statement of Comprehensive Income on an EIR basis.

The EIR (Effective Interest Rate) basis is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. The expected life of the financial asset is a significant area of judgement which is estimated using the observed behavioural performance of the assets over time and the business model under which they are managed by the Company. Using these metrics a repayment profile is derived and applied in determining the performing capital balance used to calculate expected future interest receipts.

A 100bp increase in the interest rate will result in a £363k increase in the EIR adjustment, whilst a 100bp decrease in the interest rate will result in a £365k reduction in the EIR adjustment.

Fair value
Fair values are used in these financial statements for recognition (derivatives) and disclosure purposes.

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

Financial risk management

The board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the business.

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, interest rate risk.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial risk management (continued)

Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's mortgage loans and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is as follows:

Assets	**2024** **£ '000**	2023 £ '000
Deemed loan	-	236,605
Mortgage loans	**200,678**	-
Cash and cash equivalents	**3,990**	6,330
Derivative financial instrument	**15,639**	21,834
	220,307	264,769

The major asset of the Company are the mortgage loans. The directors assess the performance of the mortgage loans for credit risk.

The Company has appointed Servicers to service the mortgage loans. They manage the Company's exposure to credit losses by assessing a borrowers' ability to repay the mortgage loans, the borrower's risk profile, and their stability during the underwriting process. Impairments are monitored and provided for using statistical modelling.

The fair value of cash and cash equivalents at 31 March 2024 approximates the carrying value. Further details regarding cash and cash equivalents can be found in note 13. Credit risk relating to cash and cash equivalents is mitigated as cash and cash equivalents are held with financial institutions with investment grade credit ratings. The Company is party to an interest rate swap that is significantly in the money, the credit risk associated with this derivative financial asset is insignificant given the investment credit rating of the counterparty.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to meet the payments on the notes as they fall due is dependent on the timely receipt of funds which may be delayed due to slow repayments on the loans.

In the event that the Company has insufficient funds available to pay interest and/or principal on the notes then it is obliged to draw on the general reserve fund to meet its obligations to the holders of the notes. If, on any interest payment date ("IPD"), the Company has insufficient funds to make payment in full of all interest, (other than the Class A Notes) then the Company is entitled to defer payment of that amount until the following IPD.

The Company's assets, the mortgage loans, are financed principally by the issuance of the Notes. The financing policy substantially reduces the company's liquidity by matching the maturity profile of the Company's funding to the profile of the assets being funded. The notes are limited recourse in nature.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial risk management (continued)

The tables below analyse the Company's contractual undiscounted cash flows of its financial assets and liabilities:

	Carrying amount	Gross nominal inflow/ (outflow)	Amount due within one year	Amount due between one and five years	Amount due post five years
2024	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Financial assets					
Mortgage loan	**200,678**	**223,311**	**23,578**	**198,322**	**1,411**
Trade and other receivables	**8,030**	**8,030**	**8,030**	-	-
Cash and cash equivalents	**3,990**	**3,990**	**3,990**	-	-
Derivative financial instrument	**15,639**	**15,639**	**8,989**	**6,138**	**512**
Financial liabilities					
Loan notes	**204,099**	**207,777**	**12,324**	**186,063**	9,391
Trade and other payables	**7,333**	**7,333**	**7,333**	-	-
2023					
Financial assets					
Deemed loan	236,605	423,039	9,955	46,083	367,001
Trade and other receivables	11,540	11,540	11,540	-	-
Cash and cash equivalents	6,330	6,330	6,330	-	-
Derivative Financial Instrument	21,834	21,834	-	21,834	-
Financial Liabilities					
Loan notes	247,373	346,114	3,082	12,302	330,730
Trade and other payables	7,521	7,521	7,521	-	-

The maturity profile of the loan notes presented above is based on the contractual maturity. The exercise of the mortgage pool recall option by the holder may result in an early redemption of these liabilities on 21/06/2026.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial risk management (continued)
Interest rate risk management
Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company manages interest rate risk by entering into interest rate swap agreements with suitably rated counterparties.

Interest paid on the Company's loan notes are at a floating rate whilst interest received on the mortgages loans are at fixed and floating rates. The Company mitigates its interest rate risk on the underlying fixed rate mortgage loans by entering into interest rate swap agreements with suitably rated counterparties. As a result, the Company does not have a material net interest rate risk exposure.

Interest rate sensitivity
The sensitivity analysis below has been determined based on the exposure to interest rates as at the reporting date. This analysis assumes a 100 basis point change which represents the board's assessment of a reasonable change in interest rates. All other variables are held constant.

	Profit and loss		Equity	
	100bp increase £'000	100bp decrease £'000	100bp increase £'000	100bp decrease £'000
31 March 2024				
Interest Rate Swaps	3,937	(3,937)	-	-
31 March 2023				
Interest Rate Swaps	-	-	26,418	16,871

The Company accounts for its Interest rate swaps at fair value through profit and loss. Figures in the profit and loss column represent the increase or decrease in the fair value of the swap. In the prior year, the Company designated its portfolio of interest rate swaps in a cash flow hedge. Figures in the equity columns represent fair value changes in interest rate swaps designated in a cash flow hedge relationship, in the event of such a change the Company will benefit from offsetting lower interest payments on the indexed liabilities hedged by the swaps.

Effective interest rate sensitivity

A 100bp increase in the interest rate will result in a £363k reduction in the EIR adjustment, whilst a 100bp decrease in the interest rate will result in a £365k increase in the EIR adjustment.

Capital management
The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006 regarding shares in issue. The Company has not breached the minimum requirement.

The Company's capital consists of share capital contributed by investors. Due to the structural features of the securitisation process, where cash paid out to noteholders cannot exceed cash received, and where the holder of the deferred consideration certificate is entitled to any excess deferred consideration, the amount of share capital is not expected to fluctuate over time. Accordingly, the objective of capital management is to hold constant the amount of share capital, and this objective is achieved by the structural features of the securitisation transaction documented in the offering circular and other legal documentation.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 31 MARCH 2024

2. Derivatives and hedge accounting

The Company uses interest rate swaps to manage its exposure to fluctuations in interest rates and not for speculative purposes.

In prior years, the Company applied the requirements of IFRS 9 to account for the variability in cash flows of its financial assets or liabilities (cash flow hedge accounting).

During the current year, LendInvest BTL Limited sold its beneficial interest in the mortgage loans to a third party and as a result, the mortgage loans are now recognised on the Company's Balance sheet and the Company is no longer consolidated into Lendinvest Plc. As a result, the Company made the decision to discontinue hedge accounting as permitted by IFRS 102, and value the swap at fair value through profit and loss (FVTPL). The change was applied prospectively, and no prior year restatement of the financial statements was performed.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each Statement of Financial Position date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

2023

Hedged Item balance sheet classification	**Hedging Instrument**	**Risk Category**	**Hedged Item (£'000)**	**Instrument (£'000)**	**Hedge ineffectiveness recognised in income Statement (£'000)**	**Net amounts deferred to other comprehensive income (£'000)**
Interest bearing loan notes	Interest rate swaps	Interest rate: SONIA	8,597	8,597	-	8,597

3. Segmental analysis

The Directors consider that the Company has one operating segment due to the similarity of risks faced in relation to the investment of the funding raised in the underlying mortgage loans and therefore is not required to produce additional segmental disclosure.

4. Finance income

	Year ended 31 March 2024	Year ended 31 March 2023
	£000	£000
Interest on deemed loan	**-**	9,686
Interest on mortgage loans	**10,094**	-
Bank Interest	**367**	235
EIR adjustment	**(1,482)**	-
Swap income	**9,959**	-
	18,938	9,921

5. Finance expense

	Year ended 31 March 2024	Year ended 31 March 2023
	£000	£000
Interest on loan notes	**16,758**	12,035
Amortisation of issue cost	**16**	368
Amortisation of discount	**9**	7
Swap expense	**-**	(4,554)
	16,783	7,856

6. Auditor's remuneration

	Year ended 31 March 2024	Year ended 31 March 2023
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's financial statements (VAT exclusive)	**49**	30

No non-audit services were provided in the period.

The prior year audit fees of £30,000 were paid by the Company's ultimate parent Company, LendInvest Plc. But the Company will pay its audit fees for the current year.

7. Taxation

The tax charge for the year can be reconciled to the loss in the statement of comprehensive income as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
Current taxation	**£000**	£000
UK corporation tax	**-**	3
Total current income tax charge	**-**	3
Deferred taxation		
Arising from origination and reversal of temporary differences	**-**	-
Total deferred tax	**-**	-
Total tax charge for the year	**-**	-

8.Taxation (continued)

The tax on loss before tax for the year is higher (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are reconciled below:

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
(Loss) on ordinary activities before tax	**(4,494)**	(18)
Current tax charge at 25% (2013:19%)	**1,124**	3
Effect of:		
Accounting loss not taxed in accordance with SI2006/3296	**(1,124)**	-
Cash retained profit taxed in accordance with SI2006/3296	-	-
Tax charge for the year	-	3

The charge above has been calculated in accordance with the permanent regime for taxation of securitisation companies.

9. Deemed lo

	2024 £000	2023 £ '000
Deemed loan	**236,605**	236,870
ECL provision	-	(265)
Transfer to mortgage loans	**(236,605)**	-
	-	236,605

The Company has provided security to its loan notes holder by granting charges over its rights to receive principal and interest on the mortgage loans underlying the deemed loan. The interest on the deemed loan is linked to the interest on the underlying mortgage loans portfolio which contains fixed rate mortgage loans.

10. Mortgage loans

	2024 £000	2023 £ '000
Balance transferred from deemed loan	**236,605**	-
Mortgages redeemed	**(34,310)**	-
	202,295	0
Mortgage loans EIR adjustment	**(1,482)**	-
ECL provision	**(135)**	-
	200,678	-

During the current year, LendInvest BTL Limited sold its beneficial interest in the mortgage loans to a third party and as a result, the mortgage loans are now recognised on the Company's Balance sheet and accounted for as mortgage loans and not a deemed loan to LendInvest BTL.

The Company has provided security to its loan notes holder by granting charges over its rights to receive principal and interest on the mortgage loans.

10. Mortgage loans (continued)

Reconciliation of ECL provision	2024 £'000	2023 £'000
At the start of the year	**(265)**	(246)
Provisions made during the year	**130**	(19)
Utilised in the year	-	-
Under IFRS 9 at 31 March	**(135)**	(265)

Credit risk on mortgage loans
As at 31 March 2024

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Risk Grades 1-5	178,887	19,208	-	198,096
Risk Grades 6-9	-	3,358	-	3,358
Default – Risk Grade 10	-	-	842	842
Total	**178,887**	**22,566**	**842**	**202,295**

Credit risk on mortgage loans As at 31 March 2023

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Risk Grades 1-5	214,177	22,081	-	236,258
Risk Grades 6-9	-	612	-	612
Default – Risk Grade 10		-		-
Total	214,177	22,693	-	236,870

11. Trade and other receivables

	2024	2023
	£000	£000
Deferred consideration on X Note	8,017	11,527
Other debtors	13	13
	8,030	11,540

12. Trade and other payables

	2024	2023
	£000	£000
Amounts owed to related parties (see note 15)	7,278	7,538
Accruals	55	-
	7,333	7,538

13. Loan notes

	2024	2023
	£000	£000
Loan notes	205,319	248,618
Unamortised discount	(18)	(27)
Unamortised issue cost	(1,202)	(1,218)
	204,099	247,373

The mortgage loan is financed by issuance of SONIA indexed loan notes the terms of which are shown below.

Class of Notes	Initial Principal Amount	Issue price	Margin	Final Maturity Date	Balance outstanding at 31 March 2024	Balance outstanding at 31 March 2023
	£000				£000	£000
A	245,000	100.000%	0.70%	21-Jun-53	167,540	205,168
B	16,800	100.000%	1.10%	21-Jun-53	16,800	16,800
C	9,800	100.000%	1.45%	21-Jun-53	9,800	9,800
D	6,300	100.000%	1.85%	21-Jun-53	6,300	6,300
E	2,100	97.976%	3.40%	21-Jun-53	2,100	2,100
X1	11,900	100.000%	3.84%	21-Jun-53	-	1,687
X2	5,600	100.000%	5.94%	21-Jun-53	2,437	5,600
	297,500				204,977	247,455

The Notes are listed on the London Stock Exchange and are secured on the mortgage loans and any other collateral security relating to those mortgage loans. Interest is payable quarterly on the 21 day of March, June, September and December.

The finance obtained is limited recourse in nature and repayment is restricted to the income received by the Company on the underlying residential mortgage loans acquired and is subject to a payment waterfall under the transaction documents.

13. Loan notes (Continued)

Net debt represents loan notes, less cash at bank and in hand, and excludes unamortised issue costs but includes accrued interest relating to the Company's third-party indebtedness. A reconciliation of net debt is shown below:

	1 April 2023	Cash flows	Other non-cash changes	31 March 2024	31 March 2023
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents					
Cash	6,330	(2,340)	-	3,990	6,330
Borrowings					
Interest bearing liabilities	(247,373)	(42,479)	84,533	(205,319)	(247,373
Total	(241,043)	**(44,819)**	**84,533**	**(201,329)**	(241,043)

14. Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are: the mortgage loans, cash and cash equivalents, loan notes and trade and other payables.

A summary of the financial instruments held is provided below:

	2024	2023
	£000	£000
Financial asset: amortised cost		
Deemed loan	-	236,605
Mortgage loans	**200,678**	-
Trade and other receivables	**8,030**	11,540
Cash and cash equivalents	**3,990**	6,330
Financial assets at fair value through the profit and loss		
Derivative Financial Instrument	**15,639**	21,834
	228,337	276,309
Financial liabilities at amortised cost		
Interest bearing liabilities	**204,099**	247,373
Trade and other payables	**7,333**	7,538
	211,432	254,911

14. Financial Instruments (continued)

Fair value hierarchy

Quoted market prices - Level 1

Financial instruments, the valuations 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 ongoing basis.

Valuation techniques 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 techniques using significant unobservable inputs - Level 3

Financial instruments, the valuation of which incorporate significant inputs for the asset or liability that are not based on observable market data (unobservable inputs). Unobservable inputs 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.

The derivative financial instruments are considered to be level 2. They are valued on the basis of predicting the future cash flows and discounting these cash flows using the appropriate yield curve.

15. Share capital

	31 March 2024	31 March 2023
	£000	£000
Issued 1 ordinary Share of £1 each – fully paid	-	-
Issued 49,999 ordinary shares £1 each – quarterly paid	12	12
	12	12

16. Related party transactions

Law Debenture Corporate Services Limited ("Law Deb") charges a management fee for the provision of a range of services including provision of the directors (Mark Filer, L.D.C. Securitisation Director No. 1 Limited and L.D.C. Securitisation Director No. 2 Limited).

LendInvest BTL Limited is the originator and servicer of the underlying mortgage loans.

The related party transactions between the Company and its related parties are summarised below:

	Related party	**Year ended 31 March 2024**	Year ended 31 March 2023
Statement of comprehensive income		**£000**	£000
Interest on deemed loan	Lendinvest BTL Limited	**-**	9,686
Interest on mortgage loans	Lendinvest BTL Limited	**10,094**	-
Loan Service fee	Lendinvest BTL Limited	**(471)**	(7)
Corporate service fee	LawDeb	**(17)**	(15)
Statement of financial position			
Deemed loan	Lendinvest BTL Limited	-	236,605
Mortgage loans	Lendinvest BTL Limited	**200,678**	-
Amounts owed from related parties	Lendinvest BTL Limited	**8,017**	11,527
Amounts owed to related parties	Lendinvest BTL Limited	**(7,278)**	(7,541)
Ultimate controlling party			

The entire issued share capital of the Company is held by the legal parent company, Mortimer BTL 2021-1 Parent Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire issued share capital of Mortimer BTL 2021-1 Parent Limited is held by The Law Debenture Intermediary Corporation Plc, a share trustee, which holds the entire share capital under a declaration of trust for charitable purposes.

In the opinion of the directors, LendInvest BTL Limited is the controlling party of the Company and LendInvest Plc is the ultimate controlling party of the Company. As such, the results of the Company are included in the consolidated financial statements of LendInvest Plc. Copies of these can be obtained from LendInvest Plc, 8 Mortimer Street, London, England, W1T 3JJ.

17. Events after the reporting date

There have been no events of note after the reporting date.