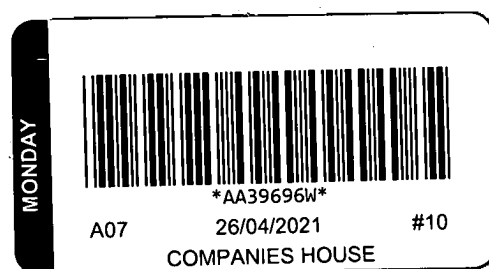


Kensington Mortgages Limited

**Directors' report and audited financial statements
for the year ended 31 March 2020**



Kensington Mortgages Limited

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Kensington Mortgages Limited

Company information

Directors

C J McKinlay
D G Thompson (Resigned 12 December 2019)
K S Shah (Appointed 12 December 2019)

Independent auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Registered office

Ascot House
Maidenhead Office Park
Maidenhead
SL6 3QQ

Registered number

02992219

Banker

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Solicitor

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London
EC4R 9HA

Kensington Mortgages Limited

Directors' report for the year ended 31 March 2020

The directors of Kensington Mortgages Limited ("the Company") present their report and the audited financial statements of the Company for the year ended 31 March 2020.

Principal activities

The Company was incorporated on 18 November 1994 in the United Kingdom and is registered in England and Wales under the Companies Act 2006. The principal activity of the Company is to provide management services to the Koala (Cayman) Limited Group of companies (Koala (Cayman) Group). The principal activity of the Koala (Cayman) Group is the provision of a range of residential and buy to let mortgage loans and mortgage servicing activities.

At the year end, Kensington Mortgages Limited was a wholly-owned subsidiary of The Northview Group Limited, a company incorporated in England and Wales. The Company's ultimate parent company is Koala (Cayman) Limited which is owned by funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Sixth Street Partners L.L.C. ("the Funds"). The largest group, the Koala (Cayman) Group in which the results of the Company are consolidated is Koala (Cayman) Limited, a company incorporated in the Cayman Islands.

Subsequent to the year end, on 25 March 2021, Kayl Holdco S.à r.l., a fellow Koala (Cayman) Group company, replaced The Northview Group Limited as the Company's parent.

Results and dividends

No dividends were paid during the year (2019 unaudited: £1,800,000).

Profit for the year, after taxation, amounted to £68,000 (2019 unaudited: loss of £246,000). The current year profit is primarily driven by cash bond administration and related services.

Future developments

The directors of the Company do not envisage any future change in the Company's principal activity.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

C J McKinlay

D G Thompson (Resigned 12 December 2019)

K S Shah (Appointed 12 December 2019)

None of the Directors had any interests in the shares of the Company. None of the Directors had any interest either during or at the end of the year in any material contract or arrangement with the Company.

Company secretary

Company secretarial duties are carried out by employees of Kensington Mortgage Company Limited, a fellow Koala (Cayman) Group company, having been transferred from The Northview Group Limited on 1 April 2019.

Kensington Mortgages Limited

Directors' report for the year ended 31 March 2020

Going concern

In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information available and the risks highlighted in the Directors' report. The directors also considered the impact of COVID-19 on the Group and the Company, including conducting stress scenarios on the Group's profitability, liquidity and capital positions. Considering these scenarios and the Group cash management framework, including the minimum cash balances, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future covering a period of at least 12 months from the date of approval of the financial statements.

The Directors also considered the position of KMC, an entity under common control. The Directors have obtained assurances from KMC that sufficient resources will be made available to the Company so that it can continue to trade and meet its financial obligations as they fall due.

As a result, the financial statements have been prepared on a going concern basis.

The current net liability position of the Company has been rectified after the year end as a result of income received and the Company is expected to be profitable going forward.

Events after statement of financial position date

As part of continuing corporate simplification efforts, on 25 March 2021, Kayl Holdco S.à r.l., a fellow Koala (Cayman) Group company replaced The Northview Group Limited as the Company's parent.

There are no other significant events occurring after the statement of financial position date, up to the date of approval of the financial statements that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 March 2020.

Principal risks and uncertainties

The Company is subject to a number of risks which could adversely affect the business in future years and the directors will continue to monitor and manage those risks.

Risk management

The financial instruments held by the Company comprise cash and various other items (such as receivables and payables or trade creditors) that arise directly from its operations.

Risk management is carried out consistent with the Koala (Cayman) Group wide Risk Management Framework. The Koala (Cayman) Group's and Company's risk management approach seeks to minimise the potential adverse effects of various risks on the financial performance of the Company.

Group risks are discussed in the Koala (Cayman) Limited annual report which does not form part of this report. The statement of financial position contains financial instruments that are detailed below. The Company does not use derivative products. Therefore, it is the opinion of the directors that the Company is not exposed to significant financial instruments risk.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and operational risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Kensington Mortgages Limited

Directors' report for the year ended 31 March 2020

(a) Credit risk

Credit risk is the risk of potential loss from a counterparty default.

(b) Liquidity risk

The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Koala (Cayman) Group and the Company have sufficient cash reserves, which take into account stress testing recommendations. To support its liquidity requirements, the Company operates cash flow management processes and maintains adequate cash reserves both at the entity level and at the group level. The Company maintains sufficient liquidity to meet its external obligations.

(c) Operational risk

Operational risk is defined as any instance where there is potential or actual impact to the Company resulting from inadequate or failed internal processes, people, systems, or from external events. The impacts can be financial as well as non-financial such as the costs of remedial actions or reputational consequences.

Whilst the Company is exposed to operational risks, it operates under an adequate controls and governance framework enshrined in its risk management framework. This includes an industry standard three lines of defence model including an outsourced independent internal audit function and adequate business continuity plans. The functions are adequately staffed and operate under the oversight of the Koala (Cayman) Group Risk Committee and the Board.

Operational risk is currently heightened by the impact of COVID-19 which has driven working from home and changes in processes to meet new regulatory requirements including the provision of payment holidays. However, the nature of the risks to which the Company is exposed remain similar to those when all staff were working from the office locations prior to COVID-19. Additional focus has been required on the controls appropriate for the altered working environment caused by COVID-19. The technology solutions required for all staff to function from home continue to be reviewed with additional controls implemented and guidance provided to staff with regard to the technology. The focus on the technology and working environment will continue as the Company responds to the adjusted way of working during the remainder of the COVID-19 situation and afterwards.

Employees

The Company does not have any employees (2019 unaudited: none).

Corporate and social responsibilities

The Company operates in accordance with the Group policies described in the Koala (Cayman) Limited annual accounts which does not form part of this report.

Issued capital

Details of the share capital are set out in note 9 to the financial statements. The issued share capital at 31 March 2020 consists of 1 ordinary share of £1.

Kensington Mortgages Limited

Directors' report for the year ended 31 March 2020

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors, in accordance with section 234 of the Companies Act 2006, were in force during the period under review and remain in force as at the date of approval of the annual report and financial statements.

Directors' Indemnity and Directors' and Officers Liability Insurance

The Company maintains a Directors' and Officers Liability Insurance policy. In accordance with the Company's Articles of Association, the Board may also indemnify a director from the assets of the Company against any costs or liabilities incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the directors. However, costs may be advanced to directors for their defence in investigations or legal actions. These indemnity provisions remain in force at the date of this report.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken to make himself 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 section 418(2) of the Companies Act 2006.

Auditor

The auditor, KPMG LLP was appointed as the auditor of the Company during the year under review and is to remain in office until the conclusion of the Company's next board meeting to approve its financial statements. Pursuant to S487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

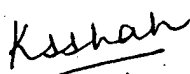
Kensington Mortgages Limited

Directors' report for the year ended 31 March 2020

Strategic report

In accordance with section 414B of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, the Company has taken the exception not to prepare a Strategic report as the Company qualifies as a small company in accordance with sections 382(2) and 382(3) of the Companies Act 2006. In the current year, the Company's turnover was not more than £10,200,000, the statement of financial position was not more than £5,100,000 and the number of employees was not more than 50.

This report was approved by the Board on 23 April 2021 and signed on its behalf by:



K S Shah
Director

Date: 23 April 2021

Kensington Mortgages Limited

Statement of directors' responsibilities

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Kensington Mortgages Limited

Opinion

We have audited the financial statements of Kensington Mortgages Limited ("the company") for the year ended 31 March 2020 which comprise the Statement of comprehensive income, statement of financial position, statement of change in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Kensington Mortgages Limited

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Kensington Mortgages Limited

Auditor's responsibilities

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

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

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

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



Karl Pountney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
23 April 2021

Kensington Mortgages Limited

Statement of comprehensive income

| | Note | 2020 £'000 | 2019 unaudited £'000 |
|--|------|---------------|----------------------------|
| Fees receivable and similar income | 4 | 84 | 110 |
| Interest receivable and similar income | 5 | - | 2 |
| Total operating income | | 84 | 112 |
| Operating expenses | | - | (5) |
| Profit before taxation | 6 | 84 | 107 |
| Tax expense on profit | 7 | (16) | (353) |
| Profit/(loss) and total comprehensive income/(expense) for the financial year | | 68 | (246) |

All amounts relate to continuing operations.

There were no items of other comprehensive income for 2020 or 2019 and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 14 to 21 form an integral part of these financial statements.

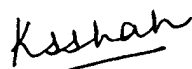
Statement of financial position as at 31 March 2020

| | Note | 2020 £'000 | 2019 unaudited £'000 |
|--|------|---------------|----------------------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 52 | 51 |
| Cash and cash equivalents | | 267 | 183 |
| | | <u>319</u> | <u>234</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 11 | (18) | (8) |
| Group relief payable | | (339) | (332) |
| | | <u>(357)</u> | <u>(340)</u> |
| Net liabilities | | <u>(38)</u> | <u>(106)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Accumulated losses | | (38) | (106) |
| Total deficit | | <u>(38)</u> | <u>(106)</u> |

The Company has issued share capital of 1 ordinary share with a nominal value, fully paid up, of £1.00. This rounds down to zero and has been shown as such in these financial statements.

The notes on pages 14 to 21 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 23 April 2021 and were signed on its behalf by:



K S Shah
Director

Date: 23 April 2021

Statement of changes in equity for the year ended 31 March 2020

| | Called up share capital £'000 | Retained earnings/ (Accumulated losses) £'000 | Total equity/ (deficit) £'000 |
|---|-------------------------------------|---|-------------------------------------|
| Balance at 1 April 2018 (unaudited) | - | 1,940 | 1,940 |
| Loss for the financial year (unaudited) | - | (246) | (246) |
| Dividends paid (unaudited) | - | (1,800) | (1,800) |
| Balance at 31 March 2019 (unaudited) | - | (106) | (106) |
| Balance at 1 April 2019 | | | |
| Profit for the financial year | - | 68 | 68 |
| Balance at 31 March 2020 | - | (38) | (38) |

The notes on pages 14 to 21 form an integral part of these financial statements.

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

1. General information

The principal activity of the Company is to provide management services to the Koala (Cayman) Limited Group of companies (Koala (Cayman) Group). The principal activity of the Koala (Cayman) Group is the provision of a range of residential and buy to let mortgage loans and mortgage servicing activities.

The Company is a private limited company and was incorporated on 18 November 1994 and is domiciled in England, United Kingdom. Its principal place of business is its registered office located at Ascot House, Maidenhead Office Park, Maidenhead, SL6 3QQ.

2. Significant accounting policies

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

2.1. Basis of preparation and statement of compliance with FRS 101

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the financial assets and liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 10(d), 10(f), 16, 38(c)-(d), 40(a)-(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- The Company has taken advantage of the exemptions conferred by FRS 101: 8 (j) & (k) "Related party disclosures", the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures, and transactions with other wholly owned group companies are not disclosed separately.

The preparation of financial statements in conformity with FRS 101 requires the use of certain significant accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The Company's financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

2.2. Going concern

In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information available and the risks highlighted in the Directors' report. The directors also considered the impact of COVID-19 on the Group and the Company, including conducting stress scenarios on the Group's profitability, liquidity and capital positions. Considering these scenarios and the Group cash management framework, including the minimum cash balances, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future covering a period of at least 12 months from the date of approval of the financial statements.

The Directors also considered the position of KMC, an entity under common control. The Directors have obtained assurances from KMC that sufficient resources will be made available to the Company so that it can continue to trade and meet its financial obligations as they fall due.

As a result, the financial statements have been prepared on a going concern basis.

The current net liability position of the Company has been rectified after the year end as a result of income received and the Company is expected to be profitable going forward.

2.3. Consolidated accounts

The Company has taken advantage of the exemption from preparing consolidated financial statements as conferred by Section 400 of the Companies Act 2006 as its results are consolidated into The Northview Group Limited's consolidated financial statements which are publicly available in the UK.

2.4. Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in total equity. In this case the tax is also recognised in other comprehensive income or directly in total equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

2.5. Fee revenue

Revenue arising from fees represents fees earned by the Company. Receipts and payments of fees are accounted for on an accruals basis less a provision for any fees where recovery is not expected. The provision is calculated based on the prior period performance of the serviced mortgage assets and the current status of the individual loans for which fees are receivable.

2.6. Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

2.7. Segmental analysis

The Company's income and trade are wholly within the United Kingdom and within a single market sector and therefore no segmental analysis has been presented.

2.8. Share capital and capital contribution

Ordinary shares are classified as equity. Cash injections from the parent entity are treated as capital contributions within the financial statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 101 requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has identified the following significant accounting policies that involve significant accounting estimates:

3.1. Impairment of intercompany loans and debtors

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

4. Fees receivable and similar income

| | 2020 £'000 | 2019 unaudited £'000 |
|---|---------------|----------------------------|
| Income from cash bond administration and related services | 84 | 110 |
| | <u>84</u> | <u>110</u> |

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

5. Interest receivable and similar income

| | 2020 £'000 | 2019 unaudited £'000 |
|---------------|---------------|----------------------------|
| Bank interest | - | 2 |
| | <u>-</u> | <u>2</u> |

6. Profit before taxation

| | 2020 £'000 | 2019 unaudited £'000 |
|--|---------------|----------------------------|
| Profit before taxation is stated after charging: | | |
| Operating expenses | - | 5 |
| | <u>-</u> | <u>5</u> |

Auditor's remuneration for the audit of the financial statements of the Company for the year ended 31 March 2020 of £35,000 was borne by KMC, a fellow group company.

7. Taxation

| | 2020 £'000 | 2019 unaudited £'000 |
|---|---------------|----------------------------|
| Analysis of tax expense for the year | | |
| Current tax | | |
| UK corporation tax expense on profit for the year | 16 | 7 |
| Total current tax expense | <u>16</u> | <u>7</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 387 |
| Impact of changes in tax rates | - | (41) |
| Total deferred tax expense | <u>-</u> | <u>346</u> |
| Tax expense on profit | <u>16</u> | <u>353</u> |

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

Factors affecting taxation

The tax assessed for the year is same as (2019 unaudited: higher than) the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%).

| | 2020 £'000 | 2019 unaudited £'000 |
|--|---------------|----------------------------|
| Profit before tax | 84 | 107 |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | 16 | 20 |
| Effects of: | | |
| Effect of tax rate change | - | (40) |
| Deferred tax on transfer of trade | - | 373 |
| Total tax expense for the year | 16 | 353 |

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is unlikely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would affect the tax charge arising.

Reconciliation of deferred tax assets

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Opening deferred tax balance | - | 346 |
| Origination and reversal of timing differences | - | (387) |
| Effect of tax rate change | - | 41 |
| Closing deferred tax balance | - | - |

8. Directors and employees

The Company does not have any employees (2019 unaudited: none). The directors' did not receive any remuneration in the year (2019 unaudited: nil).

9. Investment in subsidiaries

| | 2020 £ | 2019 unaudited £ |
|----------------------------|-----------|------------------------|
| Cost | | |
| Investment in subsidiaries | 3 | 3 |

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

The following were direct subsidiary undertakings of the Company:

| Company | Principal activity | Country of incorporation | Type of shares | Ultimate % equity interest | Status |
|------------------------------------|---------------------|--------------------------|----------------|----------------------------|---------------|
| Hyde Park Mortgage Funding Limited | Residential lending | England, UK | Ordinary | 100 | Liquidation * |

* Hyde Park Mortgage Funding Limited was dissolved on 10 April 2018. On 13 January 2020, the Company was restored to the Companies House register. The Company remains in liquidation following the appointment of a liquidator in December 2019.

10. Debtors: amounts falling due within one year

| | 2020 £'000 | 2019 unaudited £'000 |
|--|---------------|----------------------------|
| Amount due from parent company | 48 | 48 |
| Amounts due from other group companies | 1 | - |
| Other debtors | 3 | 3 |
| | <u>52</u> | <u>51</u> |

11. Creditors: amounts falling due within one year

| | 2020 £'000 | 2019 unaudited £'000 |
|--------------------------------------|---------------|----------------------------|
| Amounts due to other group companies | 2 | 1 |
| Corporation tax payable | 16 | 7 |
| | <u>18</u> | <u>8</u> |

Amounts due to the parent company as well as other group companies are interest free and are payable on demand.

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

12. Share capital

| | 2020 £ | 2019 unaudited £ |
|--|---------------|------------------------|
| Authorised | | |
| 20,000,101 (2019 unaudited: 20,000,101) ordinary shares of £1 each | <u>20,000</u> | <u>20,000</u> |
| Allotted, issued and fully paid | | |
| 1 (2019 unaudited: 1) ordinary share of £1 each | <u>1</u> | <u>1</u> |

On incorporation the Company had issued 1 fully paid ordinary share with nominal value of £1. This rounds down to zero and has been shown as such in these financial statements.

13. Parent undertaking and control

At the year end, the Company's immediate parent was The Northview Group Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Koala (Cayman) Limited, a company registered in the Cayman Islands. Koala (Cayman) Limited is owned by funds managed by Blackstone Tactical Opportunities Advisors L.L.C and TPG Sixth Street Partners L.L.C. (formerly known as TPG Special Situation Partners L.L.C). The smallest group in which the results of the Company are consolidated is The Northview Group Limited, a group incorporated in the United Kingdom and largest group in which the results of the Company are consolidated is Koala Cayman Limited, a group incorporated in the Cayman Islands.

14. Contingent liabilities

There are no (2019 unaudited: nil) contingent liabilities or commitments at the year end or up to the date of signing the directors' report.

15. Related party transactions

During the year, the Company entered into transactions in the ordinary course of business with other related parties. Transactions entered into, and trading balances outstanding at 31 March 2020 with other related parties, are as follows:

| | Amount expensed | Amounts owed by related parties | Amounts owed to related parties |
|---|--------------------|--|--|
| | 2020 £'000 | 2020 £'000 | 2020 £'000 |
| Acenden Limited | - | 1 | (1) |
| Kensington Mortgage Company Limited | - | - | (43) |
| Koala Warehouse Limited | - | - | (7) |
| St. James's Park Mortgage Funding Limited | - | - | (290) |
| The Northview Group Limited | - | 48 | - |
| | <u>-</u> | <u>49</u> | <u>(341)</u> |

Kensington Mortgages Limited

Notes to the financial statements for the year ended 31 March 2020

| | Amount expensed | Amounts owed by related parties | Amounts owed to related parties |
|---|----------------------------|--|--|
| | 2019 unaudited £'000 | 2019 unaudited £'000 | 2019 unaudited £'000 |
| Acenden Limited | - | - | (1) |
| Kensington Mortgage Company Limited | - | - | (42) |
| Kensington Mortgage Securities plc | 11 | - | - |
| Residential Mortgage Securities 26 plc | 7 | - | - |
| St. James's Park Mortgage Funding Limited | - | - | (290) |
| The Northview Group Limited | (9) | 48 | - |
| | <u>9</u> | <u>48</u> | <u>(333)</u> |

The Company paid a dividend of £1,800,000 to The Northview Group Limited for the year ended 31 March 2019.

16. Events after statement of financial position date

As part of continuing corporate simplification efforts, on 25 March 2021, Kayl Holdco S.à r.l., a fellow Koala (Cayman) Group company replaced The Northview Group Limited as the Company's parent.

There are no other significant events occurring after the statement of financial position date, up to the date of approval of the financial statements that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 March 2020.