OAKWOOD GLOBAL ASSETS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2019

Registered company number 5456331

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OAKWOOD GLOBAL ASSETS LIMITED Registered number 5456331

COMPANY INFORMATION

Directors

LDC Securitisation Director No. 3 Limited
LDC Securitisation Director No. 4 Limited
Mark Howard Filer

Company Secretary

Law Debenture Corporate Services Limited

Registered Office

8th Floor
100 Bishopsgate
London
EC2N 4AG

Auditor

KPMG LLP
One Sovereign Square
Sovereign Street
Leeds
LS1 4DA

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STRATEGIC REPORT

The directors present their Strategic Report for Oakwood Global Assets Limited (the "Company") and its subsidiaries (together referred to as "the Group"), for the year ended 31 December 2019.

Activity, objective, business model and review of the year

The Company's principal activity is to act as the parent company for a series of companies engaged in the securitisation of residential mortgage portfolios financed by the issuance of loan notes ("Notes"). In that context, it has not traded since incorporation and its only activity has been the holding of investments in its subsidiaries.

The activities of the subsidiaries of the Group, each of which has filed separate financial statements for the year ended 31 December 2019, are as follows:

Alba 2005-1 PLC
In 2005, Alba 2005-1 PLC raised £302,957k through the issue of mortgage backed floating rate notes listed on the Irish Stock Exchange, repayable on maturity in November 2042. The proceeds of the note issuance were used to purchase two pools of sub-prime mortgages. At 31 December 2019 £53,311k (2018: £57,736k) of the notes were outstanding.

Alba 2006-1 PLC
In 2006, Alba 2006-1 PLC raised £559,588k through the issue of mortgage backed floating rate notes listed on the Irish Stock Exchange, repayable on maturity in November 2037. The proceeds of the note issuance were used to purchase two pools of sub-prime mortgages. At 31 December 2019 £83,571k (2018: £91,162k) of the notes were outstanding.

Alba 2006-2 PLC
In 2006, Alba 2006-2 PLC raised £466,641k and €110,000k (GBP equivalent, £73,850k) through the issue of mortgage backed floating rate notes listed on the Irish Stock Exchange, repayable on maturity in December 2038. The proceeds of the note issuance were used to purchase two pools of sub-prime mortgages. At 31 December 2019 £146,106k (2018: £162,424k) of the notes were outstanding.

Alba 2007-1 PLC
In 2007, Alba 2007-1 PLC raised £980,904k through the issue of mortgage backed floating rate notes listed on the Irish Stock Exchange, repayable on maturity in March 2039. The proceeds of the notes issuance were used to purchase two pools of sub-prime mortgages. At 31 December 2019 £344,138k (2018: £380,451k) of the notes were outstanding.

There has been no change in the operation or composition of the Group during the year and no new securitisations were undertaken or additional loan notes issued.

Results

The results for the year to 31 December 2019 are set out on page 9.

The reported profit for the Group is £242k for the year ended 31 December 2019 (2018: £927k), including a derivative fair value loss of £1,751k (2018: £219k gain).

Key performance indicators (KPIs)
As each of the subsidiaries has entered into securitisation transactions, the key performance indicators used by management are predominantly consideration of whether there have been any breaches of those transaction documents. The directors do not believe that there have been any breaches of those transaction documents during the year.

Financial KPIs - the actual receipts and payments of interest to and by each subsidiary are monitored through the bank statements and measured against schedules prepared by the servicers of the mortgage pools, in accordance with the securitisation transaction documents. In addition, detailed information about each securitisation and the performance of each mortgage portfolio, is contained in the quarterly investor reports for each separate securitisation.

Non-financial KPIs – as the purpose of the Group is entirely finance related, the directors are of the view that there are no meaningful non-financial KPIs that could be adopted.

Key performance indicators (KPIs) (continued)

The KPIs of each subsidiary are listed below:

Alba 2005-1 PLC
As presented in the 25 August 2020 investor report (28 May 2019), the KPIs of the portfolio include:

- the percentage of the pool greater than 3 months in arrears was 4.7% (2018: 2.2%);
- the weighted average current loan to value (by original value) was 76.94% (2018: 76.20%);
- the average loan size was £101,858.72 (2018: £100,749.13);
- the weighted average interest rate was 2.01% (2018: 2.64%).

Alba 2006-1 PLC
As presented in the 21 August 2020 investor report (21 May 2019), the KPIs of the portfolio include:

- the percentage of the pool greater than 3 months in arrears was 6.79% (2018: 2.50%);
- the weighted average current loan to value (by original value) was 78.47% (2018: 78.12%);
- the average loan size was £112,687.66 (2018: £110,414.07);
- the weighted average interest rate was 2.41% (2018: 3.04%).

Alba 2006-2 PLC
As presented in the 15 June 2020 investor report (15 March 2019), the KPIs of the portfolio include:

- the percentage of the pool greater than 3 months in arrears was 2.50% (2018: 2.50%);
- the weighted average current loan to value (by original value) was 80.21% (2018: 80.66%);
- the average loan size was £113,137.60 (2018: £116,005.53);
- the weighted average interest rate was 2.55% (2018: 2.99%).

Alba 2007-1 PLC
As presented in the 17 June 2020 investor report (18 March 2019), the KPIs of the portfolio include:

- the percentage of the pool greater than 3 months in arrears was 5.10% (2018: 4.16%);
- the weighted average current loan to value (by original value) was 82.31% (2018: 82.56%);
- the average loan size was £123,425.51 (2018: £124,367.69);
- the weighted average interest rate was 2.32% (2018: 2.92%).

Going concern

Notwithstanding a Company shareholder deficit of £25k at 31 December 2019 (2018: £25k deficit), the directors believe the Company and Group will continue to trade for the foreseeable future.

Key factors in determining going concern include cash flows, loan losses and loan loss impairment provisions.

The repayment of the Notes issued by each subsidiary is solely dependent on the performance of the pool of mortgages held by that subsidiary. Specifically, if mortgages in arrears and expected losses on repossession increase, there may be less cash available to pay Noteholders. The legal structure of the Notes means that each subsidiary is only required to pay out funds to the extent that it has received funds from the mortgage portfolio it holds and funds between subsidiaries are not co-mingled. The subsidiaries will draw on their reserve fund when necessary and this might lead to a principal deficiency if there are insufficient cash flows or reserve funds to pay Noteholders and other secured creditors.

However, the subsidiaries are not required to fund the deficiency until either contractual maturity of the Notes or in the event of an early termination trigger event. These trigger events are monitored for the Group subsidiaries by their agents and to the best knowledge of the directors, no such trigger events have occurred in 2019 or to the date of this report.

The directors believe that these factors should enable each of the subsidiaries to continue to trade normally and that, notwithstanding any deterioration that might arise in the housing market or in the general economy including the Coronavirus impact within the next 12 months, the subsidiaries will be able to pay any interest falling due for payment over the next 12 months based on current expectations of the performance of the mortgage portfolio.

STRATEGIC REPORT (continued)

Going concern (continued)

Should the cash flows in a subsidiary be insufficient that subsidiary has no recourse to funds from any other subsidiary in the Group and may therefore default on its Note payment. In such circumstances, the Security Trustee, acting for the Noteholders, may choose to dispose of that subsidiary's assets and, potentially, wind up that subsidiary. The directors have considered the cash flows for the next 12 months and are satisfied that the subsidiaries have sufficient projected cash flows to be able to meet their liabilities as they fall due.

Having reviewed these factors, and taking into account current market conditions, including the Coronavirus impact and the non-trading nature of the Company and the performance and financial position of the Group, in the opinion of the directors, the Company and the Group remain a going concern and the accounts have been prepared on this basis.

Internal controls, risk profile and risk management

The Board has overall responsibility for the Group's internal control system which encompasses all risks faced by the Group including business, operational and compliance risks. The principal risks faced by the Group are set out in the following paragraphs, and expanded upon at note 21, including a description of how those risks are managed.

Principal risks and uncertainties

The principal financial risks faced by the Group are credit, interest and liquidity risks. These include the correct and timely receipts of interest and principal on the mortgage loans. Further details about these risks and the steps that are taken to manage them are set out in note 21 to the financial statements.

The Company is exposed to LIBOR within its hedging relationship and this is subject to interest rate benchmark reform. The Financial Conduct Authority have made it clear that by the end of 2021 it will no longer seek to persuade, or compel banks to submit to LIBOR. As such, the directors will work with the relevant transaction parties to determine the changes that may be required in the documentation to transition away from LIBOR to an agreed benchmark. The costs of such a transition will be ultimately borne by the Noteholders.

Impairment provisions are recorded on mortgage loans in arrears where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security based on the probability of the loan going into repossession. More information, including about forbearance, is included in note 1.

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

Derivatives and other financial instruments

Financial instruments, other than derivatives and fixed and variable rate mortgages, comprise the Notes, cash and other liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. Further details are set out in note 20 of the financial statements.

Future Developments

The United Kingdom left the European Union on 31 January 2020 and has entered into a transition phase during which the United Kingdom will negotiate the terms of its departure. This transition phase will end, subject to any agreement to a change in date, on 31 December 2020. Until that date, or if an agreement has been reached at an earlier date, the United Kingdom will remain subject to all existing European Union laws and regulations. Until the terms have been agreed it is hard to determine the impact on household finances whilst the economy re-adjusts to life outside of the European Union. Common consensus suggests that interest rates will continue to remain low, as will unemployment rates, but inflationary pressure and higher prices caused by sterling weakness may put further pressure on households which may result in increased mortgage arrears. The situation will be monitored and the Servicers, on behalf of the Company, will continue to adopt appropriate forbearance measures. The Group does not anticipate any new securitisation activity in the immediate future.

STRATEGIC REPORT (continued)

Section 172(1) of the companies Act 2006

As a special purpose vehicle the governance structure of the group is such that the key policies have been predetermined at the time the group issued the bonds which are listed on the Irish 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 bondholder consent, have been formulated* to achieve the group's purpose and business objectives, safeguard the assets and promote the success of the group with a long term view and as disclosed in note 1:
b) the transaction documents only allow the group to retain a minimal profit and due to the limited recourse nature of the structure, the returns to bond holders are limited by the cashflows received;
c) the group has no employees;
d) the group is a securitisation vehicle and therefore a key stakeholder are the bondholders. The transaction documents determine the nature and quality of assets that can be securitized and how the cash flows from securitised assets are distributed. Relationships are also fostered with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The group has no customers;
e) as a securitisation vehicle the group has no physical presence or operations and accordingly has minimal impact on the community and the environment;
f) the group maintains a reputation for high standards of business conduct via professional third parties who have contracted with the group 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 group has a sole member The Law Debenture Intermediary Corporation and entire issued share capital on a discretionary trust basis for the benefit of certain charities.

By order of the board,
Approved by the Board of Directors and signed on behalf of the Board

Mark Filer
For and on behalf of Law Debenture Corporate Services Limited
Company Secretary

11 December 2020

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2019.

Proposed dividend

The directors have not declared or paid a dividend (2018: £nil).

Directors

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

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

The Group has no employees (2018: nil).

Directors' interests

None of the directors had any beneficial interests in the shares of the Company or its subsidiaries in the current or prior year.

Political and charitable contributions

The Group made no political or charitable donations during the year (2018: £nil).

Auditor

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

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board,

Approved by the Board of Directors and signed on behalf of the Board

Mark Filer

For and on behalf of Law Debenture Corporate Services Limited
Company Secretary

11 December 2020

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKWOOD GLOBAL ASSETS LIMITED

Opinion

We have audited the financial statements of Oakwood Global Assets Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group 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 group or the company or to cease their operations, and as they have concluded that the group and 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 their 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 group's business model, including the impact of Brexit, and analysed how those risks might affect the group and 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 group or the company will continue in operation.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion, the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKWOOD GLOBAL ASSETS LIMITED (CONTINUED)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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.

K. G. Pountney

Karl Pountney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

11 December 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Group 2019 £000s	Group Restated 2018 £000s	Company 2019 £000s	Company 2018 £000s
Interest receivable and similar income	3	**15,956**	16,116	**4**	4
Interest payable and similar charges	4	**(12,479)**	(11,493)	**-**	-
Net interest income		**3,477**	4,623	**4**	4
Foreign exchange gain / (loss) on Euro loan notes		**1,695**	251	**-**	-
Administration expenses		**(2,725)**	(2,592)	**(4)**	(4)
Impairment (charge)	5	**(454)**	(1,574)	**-**	-
Fair value movements of derivatives	6	**(1,751)**	219	**-**	-
Profit on activities before taxation	7	**242**	927	**-**	-
Taxation	8	**-**	-	**-**	-
Profit for the year		**242**	927	**-**	-
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**242**	927	**-**	-

All the Group and Company's income is derived from continuing operations.

The notes on pages 13 to 34 form part of these financial statements.

BALANCE SHEET
As at 31 December 2019

	Note	Group		Company	
			Restated		
		2019	2018	**2019**	2018
		£000s	£000s	**£000s**	£000s
Non-current Assets					
Mortgage loans	9a	**619,478**	683,637	**-**	-
Derivative assets	10	**4,437**	6,183	**-**	-
Investments	11	**-**	-	**24**	24
Total non-current assets		**623,915**	689,820	**24**	24
Current Assets					
Debtors – amounts falling due within one year	12	**2,570**	4,261	**4**	4
Cash at bank and in hand	13	**59,922**	60,504	**-**	-
		686,407	754,585	**28**	28
Current liabilities					
Financial liabilities - amounts falling due within one year	14	**(1,902)**	(2,981)	**(4)**	(4)
Liquidity facility drawdown	18	**(34,286)**	(34,286)	**-**	-
Total assets less current liabilities		**650,219**	717,318	**24**	24
Non-current liabilities					
Financial liabilities - amounts falling due after one year	17	**(641,550)**	(708,897)	**(49)**	(49)
Derivative liabilities	16a	**(521)**	(515)	**-**	-
Net assets		**8,148**	7,906	**(25)**	(25)
Capital and reserves					
Called up share capital	19	**-**	-	**-**	-
Profit and loss reserve		**8,148**	7,906	**(25)**	(25)
Shareholder's funds		**8,148**	7,906	**(25)**	(25)

The notes on pages 13 to 34 form part of these financial statements

These financial statements were approved by the Board of Directors on 11 December 2020 and were signed on its behalf by:

Mark Filer
For and on behalf of L.D.C Securitisation Director No. 3 Limited
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Group	**Share capital**	**Restated retained earnings**	**Total**
	£000s	**£000s**	**£000s**
Balance at 1 January 2018 (Original)	-	(495)	(495)
Restatement for measurement of Deferred Consideration and Gross Mortgage Assets	-	7,474	7,474
Balance at 1 January 2018 (Restated)		6,979	6,979
Profit for the year		927	927
Restated balance at 31 December 2018	-	7,906	7,906
Balance at 1 January 2019	-	7,906	7,906
Profit for the year	-	242	242
Balance at 31 December 2019	**-**	**8,148**	**8,148**

Company	**Share capital**	**Retained earnings**	**Total**
	£000s	**£000s**	**£000s**
Balance at 1 January 2018	-	(25)	(25)
Profit for the year	-	-	-
Balance at 31 December 2018	-	(25)	(25)
Balance at 1 January 2019	-	(25)	(25)
Profit for the year	-	-	-
Balance at 31 December 2019	**-**	**(25)**	**(25)**

The notes on pages 13 to 34 form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	Group		Company	
			Restated		
		2019	2018	**2019**	2018
		£000s	£000s	**£000s**	£000s
Cash flows from operating activities					
Profit on ordinary activities before tax		**242**	927	-	-
Adjustment for non-cash items					
Net interest income		**(3,477)**	(4,623)	-	-
Impairment charge	5	**454**	1,574	-	-
Fair value movement of derivatives	6	**1,751**	(219)	-	-
Exchange (gain) / loss on euro notes		**(1,695)**	(251)	-	-
		(2,725)	(2,592)	-	-
Changes in					
Decrease in mortgage loans	9a	**61,586**	64,547	-	-
Decrease in trade debtors and other receivables		**1,691**	2,925	-	-
(Decrease) increase in trade creditors and other payables		**(1,079)**	1,221	-	-
Tax paid		-	-	-	-
		59,473	66,101	-	-
Interest received	3	**18,076**	18,568	-	-
Interest paid		**(14,885)**	(14,892)	-	-
Net cash from operating activities		**62,664**	69,777	-	-
Cash flows from financing activities					
Repayment of loan notes	17	**(62,951)**	(65,648)	-	-
Amount paid to R certificate long term creditor	17	**(295)**	(778)	-	-
Net cash outflow used in financing activities		**(63,246)**	(66,426)	-	-
(Decrease) / increase in cash in the year		**(582)**	3,351	-	-
Cash and cash equivalents at 1 January		**60,504**	57,153	-	-
Cash and cash equivalents at 31 December		**59,922**	60,504	-	-

The notes on pages 13 to 34 form part of these financial statements

NOTES TO THE ACCOUNTS
For the year ended 31 December 2019

1. Accounting policies

The Company was incorporated in England & Wales and has its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements and have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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

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

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

Consolidation
The consolidated financial statements incorporate the financial statements of the parent Company – Oakwood Global Assets Limited (the "Company") – and its subsidiaries (together referred to as the "Group") for which the Company holds the majority of the voting rights, as follows:

- ALBA 2005-1 PLC
- ALBA 2006-1 PLC
- ALBA 2006-2 PLC
- ALBA 2007-1 PLC

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the subsidiaries owned by the Company made up to the end of the financial year.

The Company owns the share capital in each subsidiary and shares in any residual profit (after paying deferred consideration).

Inter-company transactions are eliminated.

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

The call option that exists over the loan notes issued by the Group's subsidiaries is exercisable at the discretion of the noteholders upon the carrying amount of the issued notes reaching 10% of the amount initially issued by the Company. This threshold could be varied, but any variation requires the consent of the directors of the Company, and no such requests have been received from the noteholders as of September 2020 except for Alba 2006-1 PLC on 9 March 2020 the Company entered into a Deed of Amendment following an Extraordinary Resolution of the Noteholders to amend the Call Option percentage at which the Notes can be redeemed on a Payment Date to be equal to or less 15% of the aggregate Principal Amount outstanding on the Notes on the date of Issue. The exercise of the call option would result in the effective cessation of the Company's trade, followed by the orderly settlement of any remaining assets and liabilities and ultimately the dissolution of the Company.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

1. Accounting policies (continued)

Going concern (continued)

At the balance sheet date the carrying value of the loan notes was 26% of the initial value, and in September 2020 at the point of approval of the financial statements 21% were outstanding. The directors forecast that the remaining loan notes will not reach the 10% threshold within the foreseeable future.

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

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

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

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

The going concern position for the Company is directly attributable to that of the wider Group and the operations of the subsidiaries. The directors consider that each subsidiary, except Alba 2006-1 PLC, details given below, will continue to trade for the foreseeable future by meeting their liabilities as they fall due for payment in cash and, accordingly, their financial statements have been prepared on a going concern basis.

The Residual note holder for Alba 2006-1 PLC excercised their option under the transaction document to redeem the loan notes on 24 August 2020.

The subsidiaries are financing vehicles for sub-prime mortgages and are financed by the issue of mortgage backed securities. The repayment of 'non-recourse' finance issued by these companies is solely dependent on the performance of the mortgages held within those companies. Specifically, if mortgages are in arrears and expected losses on repossession increase, there will be less cash available in the structure to pay finance providers, although there are provisions within the finance agreements for interest on more junior notes to be deferred. Payments are made by each subsidiary on quarterly Interest Payment Dates (IPD) in accordance with the priority of payments set out in the securitisation transaction documentation. Financial support will not be provided by any company in the Group to support the debts of another Group company.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

1. Accounting policies (continued)

Going concern (continued)
Principal Deficiency Ledgers are maintained separately in each subsidiary and cash held back from distribution to Noteholders in respect of any amount of principal which remains outstanding under a mortgage loan after completion of the arrears and default procedures up to certain pre-set limits. The Principal Deficiency Ledgers in each subsidiary have reached the maximum permitted levels under the separate securitisations with the cash being held in the respective subsidiary.

Should any subsidiary be unable to pay amounts due to its Noteholders, then the Security Trustee for that subsidiary may enforce their security rights over the mortgage pool in that subsidiary and force the sale and liquidation of the assets. Should this event occur, this may place a long term restriction on the Company's ability to exercise its rights over that subsidiary and therefore the subsidiary would no longer be consolidated. No such events have occurred.

The Company has a loan provided by The Law Debenture Intermediary Corporation p.l.c. and this is only repayable to the extent the Company has funds available.

Overall, the Directors consider the Company and the Group are a going concern.

Income recognition
The Group's principal source of income is interest receivable which is recognised on an effective interest rate basis ("EIR").

In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. These estimates are based on historical data and reviewed as appropriate to reflect the expectations at the balance sheet date. The corresponding charge or release to profit and loss will be included in the accounting period in which the estimates are revised.

Other income is bank interest earned in the year.

Interest payable
Interest is paid to Noteholders quarterly during the year and is recognised on an EIR basis. Interest is calculated using the LIBOR plus a margin on each class of notes outstanding.

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

Mortgage loans and premiums
Mortgages are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the EIR method.

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

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

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

1. Accounting policies (continued)

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

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

Impairment provisions are recorded on loans in forbearance and on loans 3 months or more in arrears, where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security based on the probability of the loan going to repossession. Estimates are required to determine the likely forced sale value of the property and the likelihood of the loan going into repossession based on limited historical loss experience of the subsidiary.

A provision may also be made in the case of accounts, which may not currently be in arrears, where the servicer on behalf of the Group has exercised forbearance in the conduct of the account. The provision will be based on the propensity of the account to realise a loss had forbearance not been shown. In all cases account will be taken of any amounts recoverable under contract of indemnity insurance and of anticipated disposal costs. No provision is made against the future carrying costs of impaired loans.

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

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

Recognition and de-recognition of assets
The subsidiaries of the Group have acquired mortgage portfolios which include mortgage loans, premiums and the rights, benefits and risks of those assets.

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

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date, or if appropriate, at the forward contract rate.

Investments in subsidiaries
Investments in Subsidiaries are stated in the parent Company's balance sheet at cost less any provision for impairment.

1. Accounting policies (continued)

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

Derivatives
The subsidiaries use derivative financial instruments to hedge their exposure to fluctuations in interest rates and foreign currency movements for risk management purposes. The derivative transactions were each entered into as part of the separate securitisation transactions. The financial instruments are held at fair value.

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

Financial liabilities
Financial liabilities in the Group comprise the mortgage backed floating rate Notes, loans, R certificates and deferred consideration. Financial liabilities are initially recorded in the Balance Sheet as the proceeds received net of any direct issue costs. On subsequent reporting dates, financial liabilities are measured at amortised cost based on the original effective interest rate.

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

Prior year restatement
In the prior year, the subsidiaries did not recognise a liability to the holder of the residual certificates. The directors have reviewed this treatment and identified that the Company should have recognised a liability, calculated as the present value of the future expected to be payable to the current holder of the rights to the residual cash flows (deferred consideration). The comparative period amounts have been restated accordingly.

The payments made to the holders of the residual certificates had been treated as an expense in the income statement in previous periods. The interest payable on the liabilities should have been recognised using the effective interest rate ('EIR') method, with payments to the holders of the residual certificates being recognised as an adjustment to the carrying value of the liability, rather than in the income statement.

Changes to the carrying value of the deferred consideration liability resulting from remeasurement of that liability, to reflect changes in expected future cashflows, are recognised in the income statement. The interest payable has been restated accordingly, to reflect the net impact of these adjustments.

The value of the liability has been calculated based upon the forecast future cashflows over the expected remaining life of the securitisation vehicle. If the actual experience differs from the assumptions taken by the directors then these amounts may not be realised by the holders of the residual certificates.

In addition to the above restatement, during the year the Company has restated the amortised cost carrying value of the gross mortgage assets. The expected contractual cash flows on the mortgage assets used to calculate the amortised cost carrying value of the mortgage assets as at both 1 January 2018 and 31 December 2018 were understated, which resulted in an understatement of the carrying value of the mortgage assets at those dates.

The EIR used to calculate interest income on these mortgages was overstated. The adjustment results in a reduction of the interest receivable recognised within the income statement.

1. *Accounting policies (continued)*

Prior year restatement (continued)

These changes have resulted in a restatement of the 2018 comparatives in the statement of comprehensive income, balance sheet and statement of changes in equity. The changes in the 2018 comparatives are set out in note 25.

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

Significant accounting judgements and estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. 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 years.

The most significant judgements and estimates where the Group makes estimates are:

- **Impairment**

  Impairment provisions are recorded on loans in forbearance and on loans 3 months or more in arrears, where the value of the loan in arrears is in excess of the estimated forced sale value of the underlying property held as security based on the probability of the loan going to repossession. Estimates are required to determine the likely forced sale value of the property and the likelihood of the loan going into repossession based on limited historical loss experience of the subsidiary.

  In the current year, there is impairment charge through the Statement of comprehensive income this is due to the forced sale discount (force sale discount is calculated using the sale proceeds less cost of disposal compared to indexed market value of property being disposed on the date of sale) is 49% (2018: 49%), mainly due to few properties being repossessed. The FSD has been calculated using the simple average of the last three years. With the 10% decrease in HPI rate and the FSD at 49%, the impairment provision will increase by £32,500 from the current provisions provided in the financial statement.

  Significant accounting judgements and estimates (continued)

- **Effective interest rate (EIR)**
  In order to determine the EIR applicable to the mortgage loans an estimate must be made of the expected life of each mortgage loan and the cash flows related thereto. These estimates are based on historical data and have been fully amortised in the current period. 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 profit and loss on an EIR basis.

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

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

  The fair value of derivatives is calculated as the present value of their estimated future cash flows.

Segmental reporting
The Company and Group have not disclosed segmental information because in the opinion of the directors the Company and Group operate in one business sector and generate all income in the United Kingdom.

2. Directors' remuneration and employees

The Company and Group have no employees (2018: Nil).

None of the directors, all of whom are appointed under the terms of a corporate services agreement entered into by the subsidiaries with Law Debenture Corporate Services Limited, received any remuneration for their services during the year (2018: £nil) (see Note 23).

3. Interest receivable and similar income

	Group	
		Restated
	2019	2018
	£000s	£000s
Interest receivable on mortgage loans	**18,556**	19,235
Bank interest	**187**	135
Swap interest (net)	**(667)**	(803)
Effective interest rate income adjustment	**(2,120)**	(2,451)
	15,956	16,116

For the Company, any expenses incurred such as audit fees are charged to the Subsidiaries as recharge income. During the year, the Company has recharged audit fees of £4,560 (2018: £4,386) to its subsidiaries and this is recognised as revenue in the Company's profit and loss account.

4. Interest payable and similar charges

	Group	
		Restated
	2019	2018
	£000s	£000s
Loan interest payable to note holders	**7,935**	7,543
Loan interest to sub note holders	**1,072**	1,062
Payment to the residual certificate holders	**3,472**	2,888
	12,479	11,493

5. Impairment charge

	Group		Company	
	2019	2018	**2018**	2018
	£000s	£000s	**£000s**	£000s
Impairment provision	**454**	1,574	**-**	-

6 Fair value movements of derivatives

	Group	
	2019	2018
	£000s	£000s
Fair value gain on derivative assets	**1,745**	(84)
Fair value gain/ (loss) on derivative liabilities	**6**	(135)
	1,751	(219)

7. Loss on activities before taxation is stated after charging;

	Group	
	2019	2018
	£000s	£000s
Auditor's remuneration for the audit of the financial statements - Group entities	**204**	156

During the year the Company audit fees were £4,560 (2018: £4,386) and this is recognised as an administration expense in the Company's profit and loss account.

8. Taxation

(a) *Analysis of taxation charge*

	Group	
UK corporation tax:	**2019** **£000s**	2018 £000s
Current Tax	**-**	-
Total tax charge	**-**	-

The subsidiaries of the Group have elected to be taxed under the permanent regime for the taxation of securitisation companies as laid down by SI 2006/3296. As a result of this election each subsidiary will be subject to tax on its 'retained profits' as determined in the securitisation documents. As a result, the Group has adjusted its expectation of the timing differences which will reverse on the fair value of derivatives. Accordingly, its estimate of the taxable timing differences is now nil.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

8. Taxation (continued)

(b) Factors affecting the tax charge for the year

	Group	
	2019	2018
	£000s	£000s
Profit on ordinary activities before tax for the year	**242**	787
UK corporation tax @ 19.00% (2018: 19.00%)	**46**	150
Profit not subject to tax	**(46)**	(150)
Total current tax expense	**-**	-

9a. *Mortgage loans*

	Group	
		Restated
	2019	2018
	£000s	£000s
Mortgage loan assets movement – Gross		
Mortgage loan assets brought forward	**662,483**	727,722
Redemptions	**(61,586)**	(64,547)
Amounts written off in the year	**(427)**	(692)
Mortgage loan assets carried forward	**600,470**	662,483
Analysis of net mortgage balance		
Group mortgage loan assets	**600,470**	662,483
EIR adjustment	**22,870**	24,990
Impairment provision (see Note 9b)	**(3,862)**	(3,439)
Net mortgage balance at 31 December	**619,478**	683,537

The net mortgage balance for Alba 2006-1 plc of £82,803 is included in the above balance.

9b. Reconciliation of loan loss impairment provision

	£000	£000
Provision for impairment brought forward	**(3,836)**	(2,954)
Amounts written off	**427**	692
Provision (charge) / credit for the year	**(453)**	(1,574)
Provision for impairment carried forward	**(3,862)**	(3,836)

10. *Derivative assets*

	Notional value	**Notional value**	Group	
			2019	2018
	Euros 000s	**£000s**	**£000s**	£000s
Alba 2006-1 Plc	**-**	**45,388**	**6**	24
			6	24

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

10a. Derivative assets

	Notional value Euros 000s	Notional value £000s	Group 2019 £000s	Group 2018 £000s
Other derivatives	-	**56,119**	**4,431**	6,159
			4,431	6,159

11. Investments

The Company owns 49,999 shares (one fully paid, the remainder are quarter paid) each in the share capital of ALBA 2005-1 PLC, ALBA 2006-1 PLC, ALBA 2006-2 PLC and ALBA 2007-1 PLC.

All subsidiaries are domiciled in the U.K. and 100% owned by the Company.

The funding to allow the Company to incorporate the subsidiaries was by way of an interest-free loan from The Law Debenture Intermediary Corporation p.l.c. In accordance with the loan agreement, no principal is repayable until the Company has sufficient funds to make payments. As such no repayments have been made during the current or prior year.

	Company	
Investments in subsidiaries	**2019 £000s**	2018 £000s
As at 1 January	**24**	24
As at 31 December	**24**	24

12. Debtors – amounts falling due within one year

	Group		Company	
	2019 £000s	2018 £000s	**2019 £000s**	2018 £000s
Other debtors	**2,565**	4,255	-	-
Accrued GIC (guaranteed investment contract) interest	**5**	6	-	-
Intercompany receivable	-	-	**4**	4
	2,570	4,261	**4**	4

13. Cash at bank and in hand

	Group	
	2019 £000s	2018 £000s
Cash deposits with instant access	**25,636**	26,218
Deposit with Danske Bank A/S (note 18)	**34,286**	34,286
	59,922	60,504

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

13. Cash at bank and in hand (continued)

The deposit with Danske Bank A/S represents the cash held following the draw down on the Liquidity Facility as further described in note 18.

The cash deposit with instant access includes the individual Principal Deficiency Ledger fund balances in the Subsidiaries amounting to a total of £19,292k (2018: £19,292k).

14. Financial liabilities – amounts falling due within one year

	Group		Company	
		Restated	**2019**	2018
	2019	2018	**£000s**	£000s
	£000s	£000s		
Notes in Issue (see note 14a below)	**83,571**	-	-	-
Residual certificate Holder creditor (see note 14a)	**1,419**	-	-	-
Interest due to Noteholders	**419**	485	-	-
Interest due on subordinated loans	**60**	91	-	-
Amounts due to residual certificate holders	**700**	310	-	-
Audit fees: Group entities	**204**	156	**4**	4
Sundry creditors	**519**	1,937	-	-
	86,892	2,979	**4**	4

Included in the sundry creditor is a balance for customer compensation provision (note 15).

14a Financial liabilities – amounts falling due within one year

	Group	
	2019 **£000s**	2018 £000s
Alba 2006-1		
Notes in issue		
- Class A3a Floating Loan Notes 2037	**19,898**	-
- Class A3b Floating Loan Notes 2037	**13,365**	-
- Class B Floating Loan Notes 2037	**26,580**	-
- Class C Floating Loan Notes 2037	**9,321**	-
- Class D Floating Loan Notes 2037	**6,603**	-
- Class E Floating Loan Notes 2037	**4,466**	-
- Subordinated Loan Notes	**3,338**	-
Total Notes in issue	**83,571**	-
Residual certificate Holders creditors	**2,171**	-
	85,742	-

15. Provision for liabilities

	Group		Company	
Customer compensation provision	**2019**	2018	**2019**	2018
	£000s	£000s	**£000s**	£000s
At 1 January	-	270	-	-
Charge for the year (included in administration expenses)	-	-	-	-
Amounts paid during the year	-	(270)	-	-
At 31 December	-	-	-	-

The customer compensation provision includes provision for redress to mortgage customers who may have been treated unfairly by automatic capitalisation of shortfall balances under the rules and guidance by the FCA following on from the ruling in the Northern Ireland court case of BoS vs. Rea. These provisions are expected to be utilised within the next 18 months.

16. Derivative liabilities less than one year

		Group	
	Notional value 000s	**2019**	2018
		£000s	£000s
Alba 2006-1 Plc	**£ 16,812**	7	6

16a. Derivative liabilities more than one year

		Group	
	Notional value 000s	**2019**	2018
		£000s	£000s
Other derivatives	**£ 612,508**	**501**	500
FX euro currency	**€ 22,493**	**13**	9
		514	509

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

17. Financial liabilities – amounts falling due after one year

	Group			
	2019 €000s	**2019 £000s**	2018 €000s	Restated 2018 £000s
Notes in issue				
- Class A3 Floating Rate Notes 2042		**28,731**		32,080
- Class B Floating Rate Notes 2042		**10,421**		10,930
- Class C Floating Rate Notes 2042		**6,378**		6.689
- Class D Floating Rate Notes 2042		**3,273**		3,433
- Class E Floating Rate Notes 2042		**1,949**		2,045
- Class A3a Floating Loan Notes 2037		**19,898**		21,781
- Class A3b Floating Loan Notes 2037		**13,365**		14,629
- Class B Floating Loan Notes 2037		**26,580**		29,094
- Class C Floating Loan Notes 2037		**9,321**		10,203
- Class D Floating Loan Notes 2037		**6,603**		7,228
- Class E Floating Loan Notes 2037		**4,466**		4,889
Class A3a Floating Rate Notes 2038		**61,387**		67,858
- Class A3b Floating Rate Euro Notes 2038	**24,864**	**19,034**	24,864	22,321
- Class B Floating Rate Notes 2038		**23,188**		25,634
- Class C Floating Rate Notes 2038		**14,976**		16,556
- Class D Floating Rate Notes 2038		**10,449**		11,551
- Class E Floating Rate Notes 2038		**9,054**		10,009
- Class F Floating Rate Notes 2038		**4,527**		5,004
- Loan Notes Class A3 2039		**165,252**		183,206
- Loan Notes Class B 2039		**74,555**		82,655
- Loan Notes Class C 2039		**38,969**		43,202
- Loan Notes Class D 2039		**24,312**		26,953
- Loan Notes Class E 2039		**16,771**		18,594
- Loan Notes Class F 2039		**14,375**		15,937
- Subordinated Loan Notes		**19,292**		19,292
Total Notes in issue		**627,126**		691,773
Residual certificate Holders creditors		**14,375**		17,075
Loans from The Law Debenture Intermediary Corporation plc*		**49**		49
		641,550		708,897

*The loans from The Law Debenture Intermediary Corporation plc are a debt of the Company and of the Group. All the notes are denominated in Sterling or Euro. Coupons are paid quarterly based on LIBOR plus the relevant margin. The range is LIBOR + 0.16% to 5.00% repayable at maturity.

Notes redeemed in the year amount to £62,951k, including Alba 2006-1 Plc .

17. Financial liabilities – amounts falling due after one year (continued)

The securitisations in each subsidiary have an option for early repayment of the Notes which will only be exercised with the prior consent of the Irish Financial Services Regulatory Authority.

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

Residual certificate holders in the subsidiaries will be paid any amount left from the waterfall, after paying all the expenses, interest due to Noteholders, issuer profits and any shortfall on principal redemption of the Notes, at each interest payment date.

The Euro/Sterling exchange rate was 1.182 at 31 December 2019 (2018: 1.114).

18. Liquidity facility drawdowns

Following the downgrade of Danske Bank A/S's short term rating in 2009, the subsidiaries of the Group, ALBA 2005-1 and ALBA 2006-1 drew down on their committed liquidity facilities provided by Danske Bank A/S.

	Group	
	2019	2018
	£000s	£000s
Danske Bank – Liquidity facility ALBA 2005-1 (note 13)	**10,986**	10,986
Danske Bank – Liquidity facility ALBA 2006-1 (note 13)	**23,300**	23,300
	34,286	34,286

The balances set out above are being held in separate Danske Bank A/S accounts as disclosed in Note 13.

19. Called up share capital

	Company	
	2019	2018
	£	£
Allotted and fully paid		
1 ordinary share of £1 held on trust by The Law Debenture Intermediary Corporation plc	1	1

20. Financial instruments

Neither the Company nor the Group entities trade in financial instruments.

The Group's financial instruments, other than the mortgage-backed floating rate notes it has issued, comprise mortgage assets, borrowings, some cash and liquid resources that arise directly from its operations. The main purpose of these financial instruments is to fund the initial origination of mortgages and to provide the subsidiaries working capital. The note issue structure and interest payments thereon are designed to match the funding and risks inherent in the mortgage portfolios acquired by the subsidiaries.

Set out below is a comparison by category of book values and fair values of the Group's financial assets and liabilities as at year end.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

20. Financial instruments (continued)

31 December 2019

Group **Financial assets**	Assets measured at fair value through profit and loss	Assets measured at amortised cost less impairment	Total carrying Value
	£000s	£000s	£000s
Mortgage loans	-	619,478	619,478
Cash at bank and in hand	-	59,922	59,922
Derivative assets	4,437	-	4,437
Total financial assets	**4,437**	**679,400**	**683,837**

Group **Financial liabilities**	Liabilities at fair value through profit and loss	Amortised cost	Total carrying Value
	£000s	£000s	£000s
Liquidity facility drawdown	-	(34,286)	(34,286)
Long term borrowings	-	(627,126)	(627,126)
Derivative liabilities	(521)	-	(521)
Total financial liabilities	**(521)**	**(661,412)**	**(661,933)**

At a Company balance sheet level, financial assets and liabilities consist of debtors of £4,000 (2017: £4,000) and creditors of £49,000 (2018: £49,000) which are held at amortised cost. The fair value of the Group's and Company's financial assets and liabilities materially equates to their book value.

31 December 2018

Group **Financial assets**	Assets measured at fair value through profit and loss	Assets measured at amortised cost less impairment	Total carrying Value
	£000s	£000s	£000s
Mortgage loans	-	683,637	683,637
Cash at bank and in hand	-	60,504	60,504
Derivative assets	6,183	-	6,183
Total financial assets	6,183	744,141	750,324

Group **Financial liabilities**	Liabilities at fair value through profit and loss	Amortised cost	Total carrying Value
	£000s	£000s	£000s
Liquidity facility drawdown	-	(34,286)	(34,286)
Long term borrowings	-	(691,773)	(691,773)
Derivative liabilities	(515)	-	(515)
Total financial liabilities	(515)	(726,059)	(726,574)

20. Financial instruments (continued)

At maturity, the Group subsidiaries are contractually obliged to repay the outstanding loan notes, which in total amount to £527,602k (2018: £672,481k).

21. Financial risk management

a) General

The risks arising from exposures to the financial instruments are summarised below. When each securitisation was established, the contractual arrangements with counterparties were structured to enable the subsidiaries of the Group or agents on their behalf to identify all potential risks, monitor them through stress testing and other techniques, and take mitigating action as required

The subsidiaries of the Group have entered into derivatives transactions at the outset of each securitisation. They have entered into interest rate swaps to manage the interest rate risks associated with certain fixed and floating rate mortgages and foreign exchange derivatives to manage the foreign exchange risk on Euro denominated Notes issued.

b) Types of risk

Credit risk

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

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

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

LTV	**2019**	2018
	£000s	£000s
Less than 50%	**113,163**	125,614
50% to 70%	**389,350**	441,242
71% to 100%	**97,957**	95,627
	600,470	662,483

Concentration by sector – carrying amount	**2019**	2018
	£000s	£000s
Residential	**457,224**	506,046
Buy to let	**143,246**	156,437
Less impairment provision	**(3,862)**	(3,836)
	596,608	658,647

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

21. Financial risk management

b) Types of risk (continued)

Credit risk **(continued)**

Concentration by location – carrying amount	2019	2019	2018	2018
	£000s	%	£000s	%
London & South East	251,043	42.1	272,411	41.4
North East & North West	97,251	16.3	106,201	16.1
Midlands	99,656	16.7	110,546	16.8
York & Humber	41,830	7.0	44,906	6.8
South West	49,455	8.3	55,587	8.5
Wales	38,351	6.4	43,501	6.6
Northern Ireland	1,111	0.2	1,166	0.2
Scotland	224	0.0	285	0.0
Other UK	21,549	3.6	27,880	4.2
Less impairment provision	(3,862)	(0.6)	(3,836)	(0.6)
Total	596,608	100	658,647	100

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

	Group			
	2019		2018	
	£000s	%	£000s	%
Not impaired				
Neither past due nor impaired (0 to 2 months)	573,243	95.5	630,097	95.1
Impaired				
Past due 3 to 6 months	20,955	3.5	22,241	3.4
Past due 7 to 12 months	3,858	0.6	5,028	0.8
Past due over 12 months	1,487	0.3	1,484	0.2
	26,300	4.4	28,753	4.4
Possessions	927	0.1	3,633	0.5
	600,470	100.0	662,483	100.0

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

21. Financial risk management

b) Types of risk (continued)

Credit risk **(continued)**

	Group	
	2019	2018
	£000s	£000s
Mortgage loans less impairment provision	**596,608**	658,647
Derivative assets	**4,437**	6,183
Debtors	**2,570**	4,261
Cash at bank and in hand	**59,922**	60,504
Total on the Balance sheet and maximum exposure to credit risk	**663,537**	729,595

The table below sets out the carrying amount and the approximate fair value of the collateral held against exposures to customers. The estimate of fair value is based on the valuation performed at the time of borrowing and re-valued using the House Price Index (HPI) at 31 December 2018, or the most recent valuation if the loan has been individually assessed as impaired. The fair values of collateral are capped at the lower of mortgage book value or collateral indexed value on a loan by loans basis.

	2019	**2019**	2018	2018
	Gross carrying value	**Fair value of collateral**	Gross carrying value	Fair value of collateral
	£000s	**£000s**	£000s	£000s
Mortgage loans	**600,470**	**600,470**	662,483	662,483

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

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

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

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

Liquidity risk
Mortgage loan assets are funded by the issue of non-recourse notes. Liquidity risk is managed by issuing the notes prior to or at the same time as the assets are acquired. Cash flow forecasts are used to determine the Group's liquidity requirements. Liquidity risks generated by delinquencies and any ultimate credit losses are managed through the non-recourse nature of the Notes and through the liquidity with Danske Bank (see note 18).

21. Financial risk management (continued)

b) Types of risk (continued)

***Liquidity risk* (continued)**

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

Group	**Carrying value £000s**	**Expected gross cash flows £000s**	**Within 3 months £000s**	**After 3 months but within 1 year £000s**	**After 1 year but within 5 years £000s**	**After 5 years £000s**
As at 31 December 2019						
Liquidity facility drawdown	34,286	34,286		34,286	-	-
Derivative liabilities	521	521	-	-	521	-
Interest on loan notes	62,923	62,923	1,825	5,318	20,210	35,570
Short term borrowings – loan notes (Alba 2006-1 Plc)	84,152	84,152	2,876	81,276	-	-
Long term borrowings - loan notes	543,860	543,860	11,311	32,712	144,615	355,222
	725,742	**725,742**	**16,012**	**153,593**	**165,346**	**390,792**

Refer to Note 24 on subsequent events event.

Group	Carrying value £000s	Expected gross cash flows £000s	After 1 month but within 3 months £000s	After 3 months but within 1 year £000s	After 1 year but within 5 years £000s	After 5 years £000s
As at 31 December 2018						
Liquidity facility drawdown	34,286	34,286	-	34,286	-	-
Derivative liabilities	515	515	-	-	515	-
Interest on loan notes	87,462	87,462	2,174	6,389	28,276	50,623
Long term borrowings - loan notes	692,660	692,660	14,119	41,444	184,057	453,040
	814,923	814,923	16,293	82,119	212,848	503,663

Foreign currency risk

Foreign currency risk is the risk that the value of an asset or liability will vary with respect to foreign currency fluctuations. The Group's main foreign currency risk exposure is from the proportion of the mortgage backed floating rate notes issued in connection with the securitisation transactions denominated in Euro by its subsidiary ALBA 2006-2 PLC. As a result, ALBA 2006-2 PLC has entered into cross currency swaps to provide an economic hedge against the risk of fluctuations in exchange rates, with the derivative instruments used to match the maturity of the underlying floating rate Notes.

NOTES TO THE ACCOUNTS (continued)
For the year ended 31 December 2019

22. Financial instruments held at fair value

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

Level 1
The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3
Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

	Group Valuation based on			
31 December 2019	*Quoted* Market Prices (Level 1)	Observable Inputs (Level 2)	*Significant* Unobservable Inputs (Level 3)	Total
	£000s	£000s	£000s	£000s
Derivative financial assets	-	-	**4,437**	**4,437**
Derivative financial liabilities	-	-	**521**	**521**

	Group Valuation based on			
31 December 2018	Quoted Market Prices (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	£000s	£000s	£000s	£000s
Derivative financial assets	-	-	6,183	6,183
Derivative financial liabilities	-	-	515	515

23. Related party transactions

Under the terms of a corporate service agreement Law Debenture Corporate Services Limited is contracted to provide certain corporate services including a registered office, administration and directors among other things for which it charges a corporate service fee. The amount owed by the Group at year end is £64k (2016: £6k).

	Group		**Company**	
	2019	2018	**2019**	2018
	£000s	£000s	**£**	£
Corporate service fee	**80**	66	-	-

24. Ultimate parent undertaking

The one issued share of the Company is held by the Law Debenture Intermediary Corporation plc under a declaration of trust for discretionary charitable purposes. As a result Oakwood Global Assets Limited is considered to be the ultimate parent Company and the ultimate Company that the results of the Group are consolidated. Copies of the financial statements may be obtained from Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London, EC2V 7EX.

25. *Subsequent events*

The speed of the Coronavirus spreading globally has resulted in the UK Government announcing emergency measures including reducing the Bank Base Rate to 10bps and several other stimuluses to cushion the adverse economic impact.

Subsequent to the reporting date, extensions to lockdown periods have been announced following the COVID-19 crisis, and the UK Government introduced 'Payment holiday scheme' in March 2020, in an attempt to mitigate the economic impact of COVID-19.

In addition, measures have been introduced to support consumers, including widespread implementation of payment holiday arrangements allowing borrowers to defer repayments on borrowings, including mortgages. As at 31 October 2020, 1,625 borrowers are under the terms of a payment arrangement implemented as a result of the pandemic, representing 33.8% of loans and 38.6% of the gross mortgage balance.

At this time, given the continuing uncertainty, it is difficult to provide any degree of clarity on the potential further implications to the Company arising from Coronavirus or the UK government's and relevant regulator's current or future responses to tackling the pandemic.

In November 2020 the government announced a second lockdown for one month to 4 December 2020. This has no effect on the going concern of the Company.

Other than the impacts of the Coronavirus pandemic, there have been no other reportable subsequent events between the balance sheet date and date of signing this report that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 December 2019 and for the year ended.

During the year after the Balance sheet date and before the approval of the accounts the noteholders exercised the option to redeem the loan notes. This is reflected in the cashflow of liquidity in Note 21.

26. Prior year adjustment

As described in note 1, the Company has made a prior period adjustment. Adjustments have been made in these financial statements as set out below:

	31 December 2018		
	As previously reported	Adjustment	As restated
	£000s	*£000s*	*£000s*
Statement of comprehensive income			
Interest receivable and similar income	18,237	(2,121)	16,116
Interest payable and similar charges	(14,942)	3,449	(11,493)
Net interest income	3,295	1,328	4,623
Administration Expenses	(2,591)	(1)	(2,592)
Impairment (charge)/credit	(1,574)	-	(1,574)
Fair Value Movement of Derivatives	218	1	219
FX gain / (loss) on notes	251	-	251
Total comprehensive (expense)/ profit	(401)	1,328	927

Notes (forming part of the financial statements) (continued)
For the year to 31 December 2019

26. Prior year adjustment (continued)

Balance sheet	As previously reported	Adjustment	As restated
Mortgage Loans	658,647	24,990	683,637
Other assets	70,948	-	70,948
Other liabilities	(37,782)	-	(37,782)
Financial liabilities	(692,709)	(16,188)	(708,897)
Net assets/(liabilities)	(896)	8,802	7,906
Shareholder's funds	(896)	8,802	7,906

Statement of changes in equity			
	Share Capital	Retained Earnings	Total
Balance at 1 January 2018 (original)	-	(495)	(495)
Restatement for measurement of Deferred Consideration and Gross Mortgage Assets	-	7,474	7,474
Balance at 1 January 2018 (Restated)	-	6,979	6,979
Retained Profit for the year	-	927	927
Balance at 31 December 2018	-	7,906	7,906